HC
10
.L6

UNIVERSITY OF VIRGINIA
GENERAL
LIBRARY
1819

Lloyds Bank Limited

MONTHLY REVIEW

MAY 1935

1677

Lloyds Bank Limited

Head Office: 71, LOMBARD STREET, LONDON, E.C.3

DIRECTORS

J. W. BEAUMONT PEASE, Chairman

SIR AUSTIN E. HARRIS, K.B.E., Deputy Chairman

J. H. L. BALDWIN

The Rt. Hon. LORD BARNBY, C.M.G., C.B.E., M.V.O.

CHARLES E. BARNETT

The Rt. Hon. The VISCOUNT BEARSTED of MAIDSTONE, M.C.

HENRY BELL

Capt. C. E. BENSON, D.S.O.

ROBERT K. BLAIR

The Hon. R. H. BRAND, C.M.G.

HAROLD G. BROWN

J. HOWARD FOX

Major JAMES W. GARTON

R. C. CHAPPLE GILL

SIR W. GUY GRANET, G.B.E.

GEORGE A. HARVEY

SIR HENRY H. A. HOARE, Bt.

The Rt. Hon. SIR ROBERT HORNE, G.B.E., K.C., M.P.

The Rt. Hon. LORD INVERFORTH, P.C.

CHARLES KER, LL.D., D.L.

CYRIL E. LLOYD

The Hon. MAURICE F. P. LUBBOCK

The Rt. Hon. LORD LUKE of PAVENHAM, K.B.E.

Lt.-Col. R. K. MORCOM, C.B.E.

SIR ALEXANDER R. MURRAY, C.B.E.

WILLIAM W. PAINE

ALWYN PARKER, C.B., C.M.G.

ARTHUR E. PATTINSON

W. LESLIE RUNCIMAN

The Rt. Hon. The EARL of SELBORNE, K.G., P.C., G.C.M.G.

SIR EDWIN F. STOCKTON

The Rt. Hon. LORD WEIR of EASTWOOD, P.C., G.C.B., LL.D., D.L.

EVAN WILLIAMS, LL.D., D.L.

Chief General Managers

F. A. BEANE G. F. ABELL

Joint General Managers

W. G. JOHNS, D.S.O. R. A. WILSON SYDNEY PARKES S. P. CHERRINGTON

TABLE OF CONTENTS

PAGE

A Dialogue
Between a Foreign Statesman and an English Student of Affairs 266

Currency Stabilisation—National and International
By Benjamin M. Anderson, Jr., Ph.D. ... 282

Notes of the Month 294

Home Reports 300

Overseas Reports 313

Statistics 328

GIFT
FEB 26 '37

Lloyds Bank Limited Monthly Review

New Series—Vol. 6 MAY, 1935 No. 63

****Recent developments have brought to the front the question of the stabilisation of the world's leading currencies and this important problem is arousing widespread interest. Lloyds Bank therefore proposes to publish in its* MONTHLY REVIEW *a series of articles on this question, prepared by writers of different nationalities and expressing various points of view. The first of these articles appeared in the April issue of the* REVIEW. *The Bank is not necessarily in agreement with any of the arguments or conclusions contained in any of these articles.*

A Dialogue

Between a Foreign Statesman and an English Student of Affairs

FOREIGN STATESMAN: . . . and how goes the recovery in your part of the world?

ENGLISH STUDENT OF AFFAIRS: It is not easy to say. There is no doubt that there has been a very substantial improvement since the beginning of 1933. Employment has increased. There have been remissions of taxation. The Budget remains balanced. The Company reports make encouraging reading. But at the same time it must be admitted that we have still a very long way to go. Although it has diminished, unemployment still remains depressingly high, and the volume of foreign trade and foreign business is low. If you compare our foreign trade now with what it was in 1919 it must be admitted that there is a most significant falling away. Whichever way you look at it, recovery is still very far from complete.

F.S.: But it is still very substantial. I assure you if you were to come to London as I do from the capital cities of continental Europe where the crisis is still acute, you would think you were in the Garden of Eden.

E.S.A.: Oh, yes, it is substantial enough. But it is a very one-sided limited recovery for all that. It is essentially a recovery of the home market due partly to the revival of political confidence, partly to the tariff, partly to cheap money. It is a recovery of the south—which, by the way, had never really been seriously depressed. The big export industries of the north, though they got some stimulus from the depreciated exchange, have certainly not fully emerged from depression.

F.S.: Which was surely not to be wondered at, considering the immense damage to all those parts of the world that remained on gold that was done by the depreciation of sterling. One of the things which has surprised me most on my recent visits to your country has been the surprising blindness of most of your fellow countrymen to the harm that is being done by the continued depreciation of sterling. You all talk about the desirability of "letting things find their own level." I should like to know what is this mysterious "level" when you are talking about the fluctuations of a world currency like sterling? If it were the pound Australian or the Argentine exchange I could understand. Fluctuations in such quarters are disturbing, but they do not shake the world. It may be that in times of severe stress they are an effective method of solving the problems of the countries concerned. But it seems to me to be a curiously academic frame of mind in which similar equilibrating effects are attributed to the fluctuation of sterling. In fact, the two things are skies apart. When sterling fluctuates downward the commodity markets are shaken. Deflationary tendencies are released. At the same time everywhere where the trade balance is likely to be affected adversely, we clap on new restrictions on import-tariffs, quotas, licence systems, and so on. Where is your "natural level" here, I should like to ask?

E.S.A.: I quite agree. Of course, there's no such thing. It is indeed an amusing thing to hear people, who are never tired of jeering at what they call the superstition of *laissez faire*, at the same time exalting the virtues of a policy of letting things drift in a sphere of action where even your most-dyed-

in-the-wool *laissez faire* nineteenth-century economist would never have dreamed of inaction.

But you can see how it has happened. Before we went off gold, sterling was said to be over-valued. Our troubles in the export markets were said to be due at least in part to the fact that we had returned to gold too high. What could be more natural than that when we went off gold people should think that the downward fluctuation should be such as to put this right?

F.S.: Surely it is natural to hold that view only if you assume that nothing else changes as a result of the break-up of your standard, and the point that I am trying to make is that that could not be the case. I agree that sterling was probably a little over-valued in 1931. If you were not willing to put that right by cutting your costs, then the proper thing to do was to devaluate by a definite amount and to get back to gold at once. What you have actually done has given a greater stimulus to the creation of obstacles to trade than any other single event of modern economic history. I cannot believe that in the long run that is a good thing for Great Britain any more than it is for the rest of us.

E.S.A.: Ah, no, we least of all can benefit in a world of States each bent upon economic isolation. And that is my great fear about the present situation. I do not deny the very considerable degree of recovery which has taken place here and in certain other parts. But it has been isolationist recovery. The recovery of domestic trade has been greater than the recovery of foreign trade. And because of that I do not think it can go far. I think we enormously under-estimate the reduction in real wages which would be necessary to secure full employment in a world determined to forgo the advantages of international division of labour. Full isolationist recovery is almost unthinkable.

F.S.: But what do your people propose to do about it? How do you find their ideas on policy are affected by the present slowing-up of recovery?

E.S.A.: They do not yet turn outwards. You will find, indeed, indifference with regard to the prospects of international revival. People do not seem to think that we can do anything in that direction. They turn rather to the views that were popular in the early days of the slump, to the idea of vast public

expenditure on home development, to the raising of huge government loans for domestic expansion.

F.S.: Such views are not uncommon. They are, indeed, an aspect of that drift towards certain forms of dictatorship which is such a disquieting feature of our day. An extensive public works policy has always been one of the hallmarks of dictatorships from the days of the builders of the pyramids onwards. But, tell me, are there not especial difficulties in launching such a programme in present-day Britain? Is not your reserve, as it were, of easily practicable public works projects seriously depleted? Have you not pursued a policy of this sort pretty consistently, save perhaps in the last three years, ever since the war?

E.S.A.: Decidedly. No doubt there are now, as always, many things on which local government authorities may spend money without waste. It is possible that at the time of the financial crisis certain enterprises of this sort, capable of yielding a secure return at current rates of interest, were unnecessarily damped down. But the more spectacular kinds of public works, the construction of new roads is, of course, the most conspicuous example, have already been undertaken. Since the war England has been covered with a network of magnificent new roads. You cannot do this sort of thing indefinitely. At the present time it is safe to say that the general public vastly over-estimates the amount of work of this kind which can be undertaken without conspicuous waste. Of course there is the possibility of vast expenditure on housing. But even here it is clear that any government which looks ahead at all must go very prudently. There has been a big boom in private housing already. No one can say that private enterprise does not deliver houses for which people are prepared to pay. A policy of extensive subsidies to the cheaper houses must have the effect at once of committing the public exchequer to very considerable outlay in the shape of interest charges in the future. And at the same time it might very easily knock the bottom out of the market for the houses just a little dearer than those actually subsidised. It seems to me that there are very grave dangers here.

F.S.: But is not the gravest danger of all one that you have not yet mentioned?—the danger that if you go all out for isolated expansion on these lines, the position of sterling will

be still further compromised? An expansion of this sort cannot be carried through without the import of raw materials. If you import more the pressure on sterling is increased. It is probable that the pound will fall still further.

E.S.A.: I agree. But you must not exaggerate the number of people, outside the ranks of professional bankers and economists, who would be in the least disturbed by such a prospect. It is not that people are deliberately callous. It is just that they do not realise the difficulties abroad which would be caused by further depreciation.

F.S.: But do they think the pound can fall indefinitely without their suffering? Can they really contemplate with equanimity the terrible disorder which may very well come about if the various members of the gold *bloc* are forced to come off gold and the President of the United States finds himself compelled by the wild men in the Senate to use his discretionary power to bring about further devaluation or to turn once more to other forms of inflation. You may think I am a biassed observer since I come from a part of the world which has certainly suffered from the depreciation of sterling. But I assure you Great Britain will not go unscathed if the Continental crisis is intensified still further.

E.S.A.: You do not need to persuade me of these dangers. But how are we to persuade those who do not see them?

F.S.: Do your fellow-countrymen not look abroad these days? I should have thought that the practical results of such policies as carried out elsewhere would be such as to lead them to moderate their expectations of what can be done in this way. Consider, for instance, the condition of Germany. There you have had a public works policy carried out with great expedition and vigour under conditions highly favourable for its success—for you must realise that expenditure on armaments is, of all forms of public expenditure, that which is most likely to produce the stimulating effects expected of this kind of policy. And what is the result? A condition of ever-increasing danger to the banking system, a condition of increasing difficulty in the exchange markets and lack of business confidence everywhere. Or look at the position of the United States, where money has been poured out like water on public works policy. Can you really urge that the results there are such as to lead us to entertain high hopes of a speedy recovery?

E.S.A.: By no means. Of course, there has been considerable revival from the low points of 1932–3. But it has been chiefly revival in industries making for consumption—the obvious impact effect of the spending of government money. New investment, which is what is most urgently needed if lasting recovery is to be achieved, has obstinately continued to hang fire.

F.S.: But what else can you expect? Business men are not fools. They know that the stimulus which comes from lavish government spending has necessarily a limited duration. They say this sort of thing can't last, and they put their money into short-dated enterprise. It is only natural and, indeed, prudent from their point of view. Meanwhile there is created, for the sake of a momentary stimulus to employment and a momentary easing of the political situation, a lasting mortgage on future budgets.

E.S.A.: I know. And it is a mortgage which we can afford to create even less than Mr. Roosevelt. Already many of the savings on our conversions have been mopped up by new expenditure of one sort and another. We are not so rich that we can contemplate the creation of new debt with equanimity. I see no hope in such developments.

F.S.: But where, then, would you turn?

E.S.A.: I would turn back to the sphere from which in the past we have drawn so much of our riches. I would turn back to the sphere of international trade and investment. I would direct every effort to produce a reversal of the present tendencies to isolation. I would stabilise. I would work for an immediate removal of the worst obstacles to trade. I would work for an international agreement that tariff barriers should not be raised any further. And in due course I should hope that they would actually be diminished. These may sound very modest hopes beside the specious claims of isolationist "recovery programmes." But they are founded on a diagnosis of the situation which has been already abundantly vindicated by events; and I see no other remedy.

F.S.: Your hopes may be modest. But they are likely, nevertheless, to be very difficult to achieve. I agree with your diagnosis and I agree with your remedies. But if we are to be realists we must recognise that we live in a world which, for

good reasons or bad, has deliberately rejected the ends you have in mind and is marching rapidly in the opposite direction.

E.S.A.: With the results we have already discussed.

F.S.: Most certainly. I do not urge for a moment that the policies which are now in favour can lead anywhere but to poverty and depression. All that I am saying is that we must recognise that men's minds are turned in this direction. They do not want international unity. They do not want international responsibility. The limitations which membership of an international community necessarily sets upon national policy are irksome to them. They do not want the gold standard: it compels them to keep in step with others. They do not want international trade: it necessitates adjustment to international conditions. All that you tell me of your own country only serves to convince me that you, too, have been caught in the grip of this blind revolt against established values which threatens to wipe out the material gains of a century of development. These are uncomfortable facts, my friend, but they are true.

E.S.A.: I know. And I know, too, that it must take years of persuasion before we can hope that the attitude of mind which makes the world economic system permanently workable can once more be created. But is it not possible at least that we may create a breathing space—an interval in which persuasion may be active before the ultimate decision? To stabilise the currency, to secure the abolition of the grosser kinds of obstruction to trade—these are not measures which in themselves will secure year in, year out, the smooth running of the system of free enterprise. But they would, at any rate, arrest the more rapid tendencies to decay which threaten to bring the whole structure down about our ears, before we have decided whether, in fact, we are prepared to make such a sacrifice.

F.S.: Even here I see grave obstacles. The political state of the world at the present time is so disturbed as to make any final stabilisation of currencies extremely precarious. The Continent of Europe is a volcano which may burst into eruption at any minute. Who knows what will happen in Central Europe? In the democratic countries, is there a single government on whose tenure of office you would care to bet seriously? All this leads to a state of affairs in the

financial markets which may at any moment give rise to great migrations of liquid capital, in the face of which almost any currency arrangements conceivable would be helpless.

E.S.A.: Yes, we are on the knees of the gods there, I grant. But are we utterly helpless? Is it not the case that some at least of the political unrest is itself the product of economic disturbance? I agree that the political instability of the world is great. But it is at least arguable that economic *malaise* is at the root of much of it. If we could recreate prosperity might not many of our political fears prove to be illusions? If the pound were to cease to depreciate would not the position of the democratic governments to which you refer be considerably strengthened?

F.S.: Unquestionably. If the world were really convinced that the British Authorities meant business and were going to use their undoubted power to prevent further fluctuations the whole position would be changed for the better. It is the uncertainty of the present position quite as much as the actual trading disadvantage which is responsible for much of the trouble. Nevertheless, merely pegging the pound is not enough to give us your breathing space. Something, too, must be done about the most glaring obstacles to trade. Some people say that the position as regards international political debts must be settled as well. But to my mind that is an academic issue. The position *is* settled. The debts will not be paid. Reparations will not be paid. The inter-allied debts will not be paid. Your debt to the United States will not be paid. You may make some face-saving final payments to give the thing a show of legality. But the thing is over. The political debts are no longer an obstacle. But the quotas and licence systems are another matter. You can't stabilise finally until you know what is going to happen to these.

E.S.A.: Would it not be possible here to kill two birds with one stone and get stabilisation and the removal of quotas at once? After all, as you have said, other countries have much to gain from the stabilisation of sterling. Would it be a price that they would refuse to pay to ask them in return for the stabilisation of sterling to convert their quotas into tariffs? It would not be a price which involved anything but the sacrifice of wrong ideas. For there can be no question that tariffs are less harmful than quotas.

F.S.: It might be done—at any rate as regards Latin Europe. But what about your own quotas? It will hardly do for you to come to the rest of us and ask us to abandon our bad habits while retaining full liberty to continue to indulge your own. Nothing has surprised us more on the Continent than the light-heartedness with which you in Great Britain have thrown to the winds all your maxims of free trade policy and even glorified in the adoption of customs of which we ourselves were becoming secretly ashamed. When I read in a document published by your Ministry of Agriculture that quotas are to be regarded, not as emergency expedients but as instruments of long-period policy, I confess that, used as I am to the arguments whereby the make-shifts and compromises of practical politics are justified, I find myself a little shocked.

E.S.A.: I do not think you need be unduly alarmed. That phase at least is over. The quotas will not be extended; and I think you will find that they will shortly give way to tariffs.

F.S.: So far so good. But now you must realise that even if all the quotas were converted into tariffs you would still be faced with a most formidable congestion of world trade. The tariffs which have grown up since the slump are not to be compared with the tariffs which existed before. They are simply fantastic. Yet I confess I do not see any easy way of getting them lowered. The agrarian tariffs are particularly intractable. They have been erected to protect a peasantry, already overloaded with debt, from the catastrophic fall of prices, and although I grant that in many ways they are most absurd and economically objectionable, yet I think you will find them extremely difficult to lower.

E.S.A.: If stabilisation were to take place and there was a general revival of confidence I am pretty sure that there would be a considerable recovery of prices. To that extent, at least, the agrarian problem would be eased. But are there no other ways in which the situation could be ameliorated?

F.S.: I have often thought that considerable progress could be made in certain directions by means of regional agreements. If it were possible for adjacent territories to grant each other reciprocal concessions as regards tariffs, on the lines of the agreements once planned between Belgium, Luxembourg and Holland, with the proviso that the group ought to be joined by others who were willing to make similar

concessions, there might result a very great clarification of the European situation. But, of course, the Most-Favoured-Nation clause in existing commercial agreements stands in the way. People may be prepared to make concessions to a limited circle. But they will shy if they have to extend the concessions all round.

E.S.A.: But it is surely very difficult to feel much sympathy with such an attitude. It rests on the totally mistaken belief that to admit goods from anywhere on cheaper terms is in any way a sacrifice—save a sacrifice of protectionist illusions. To extend the area from which one buys goods cheap is no "concession." It is simply a return to sanity.

F.S.: Granted. But the fact is that people think that it is—that they are insane if you like. And the question is, can we not coax them into a limited sanity by allowing them to do what they think is limiting their generosity? Are you determined that it shall be all or nothing? I think solid good could be done by this middle course. But the M.F.N. clause blocks the way. And curiously enough—since they don't allow scruples of this sort to prevent them making grandiose preferential arrangements within the Empire—your people are among the most insistent upon its complete observance.

E.S.A.: You must not expect me to defend the consistency of our inter-imperial arrangements with the rest of our commercial policy. These are arcana, exact knowledge of which is not yielded by logical scrutiny. But as regards our general attitude, I would suggest that there is a solid case founded on reason and past experience to which there is danger that you may do injustice. Surely you would agree that if all reductions of tariffs were the subject of special bilateral negotiations the probability is that in a few years the tariff books of the various nations would become even more complicated than they are to-day and in all probability the average level of rates would be higher. Before negotiations began there would be the usual provisional raising of tariffs for bargaining purposes on both sides; and if the end of the negotiations saw them reduced to the earlier level it would be a very fortunate accident. Surely there are very solid grounds in the tariff history of the last hundred years for the belief that general progress towards free trade is much more likely to come by retention of the unconditional obligation.

F.S.: No doubt there is much force in what you say, as a prescription for normal times. But times are not normal. And if you do not let people make conditional concessions—to use the opprobrious word—they will not make them at all. I believe that if you could get this sort of thing going, at any rate in Continental Europe, you would be surprised at the extent of the results.

E.S.A.: Could we not effect a compromise here? You admit that as a measure for normal times there is much to be said for the retention of the unconditional form of most-favoured-nation treatment. I admit that in the present emergency there may well be cases where its suspension would be justified. Would not both these points of view be met if the nations concerned could be induced to agree to an abrogation of their rights in special cases recommended by a quasi-judicial tribunal? The agreement could be specifically limited to the next few years. After that the concession would no longer be operative. Your emergency cases would be met. At the same time the persistence of the general principle would be safeguarded.

F.S.: I think that indeed might meet the case. A quasi-judicial tribunal of this sort, independent of the influence of particular national interests and the bad tradition of the quarrels of the last fifteen years and unhampered by the pedantries of a purely formalist procedure, might be a most important innovation.

E.S.A.: But, of course, this does not take us very far. It might alleviate the situation in Central Europe and one or two other parts of the world. But it would not—it could not—bring about any very great amelioration of the position throughout the world as a whole.

F.S.: But there the position is much more difficult. You will not find any enthusiasm for any reduction of tariffs which is not part of a bargain. People will point to the dislocation which would be caused by the removal of tariffs and their argument will be very powerful politically. You see unquestionably there is a case to be made for tariffs as expedients to meet a crisis. You will not accuse me of believing this case to be ultimately valid. But you must not ignore its very great force from the point of view of the practical politician. In a depression there is a tendency to a severe fall of prices

and a great intensification of competition. A tariff does unquestionably mitigate this tendency within the area within which it is imposed.

E.S.A.: At the expense of increasing it elsewhere. If you narrow the market you increase the price fall. Look at what has happened to wheat.

F.S.: Undoubtedly. But remember it is what happens in his own area which tends to be the concern of the working politician. He says, "If I don't do something now these people will suffer."

E.S.A.: And since everyone acts in the same way, they frustrate each other and create a state of affairs in which all suffer. Can we hope to work the world at all if statesmen will not take longer views than this? Neither capitalism nor any other system can be run if the sole criterion of policy is to be the position of particular industries. You impose a tariff to protect a certain industry. Of course, the industry gains. But what about the industries whose products went to pay for the products now shut out? What about the shipping earnings, the commissions and so on which are necessarily sacrificed? What about the tariffs which will be imposed on your products by other countries as "countervailing measures" as they call them?

F.S.: The things which are not seen as distinct from the things which are seen—Bastiat's imperishable distinction—I agree, these are the more important. But I do not think that so long as people remain in their present frame of mind you are going to find it easy to direct their attention to the things which are not conspicuous. Was it not one of your own economists who said, "In the long run we are all dead?" That is exactly the frame of mind of the great mass of the people to-day.

E.S.A.: And so in the short run we all try to cut each other's throats. But is it not possible to circumvent this attitude? I am sure you are right that it would be almost impossible to get people here and now to consent to unilateral tariff reductions on a large scale. But would it be so difficult to get them to consent to tariff reductions *all round*? The same fallacious reasoning which leads them to refuse to lower their own tariffs—alone—on the ground that it is a sacrifice,

would lead them to regard with much greater equanimity a general reduction, for they would feel that they were getting some *quid pro quo*. They won't put up with the sacrifice of getting goods cheap if other people are getting them dear. But if other people submit themselves to the same painful ordeal—well, then, the sacrifices cancel out and there may be something in it! We all know the man who says, "I believe in free trade if it's free trade all round, but how can we be free trade if the others are protectionist?" He is, of course, wrong: free trade pays, even in a protectionist world. But he is a very prevalent type. Why should we not pursue a policy which will secure support even from this kind of attitude? Why should we not propose a uniform cut in all existing tariffs or a series of cuts to take place over a period of years?

F.S.: There is perhaps more hope there. Indeed, as you will admit, it is a proposal which would actually involve less short-run inconvenience than unilateral reduction. Our friend who urges that free trade is a good policy only when it is reciprocal is, of course, in a muddle. But at the same time it is clear that the achievement of free trade by unilateral reductions may cause considerable dislocation in the transition. Some industries must contract, others expand: if the thing is done suddenly the social dislocation may be extensive. But if, as new imports are allowed in, your exports have a wider market, the transition is more balanced. There is an active force of expansion in one quarter to counterbalance the force of contraction in others, whereas with unilateral reduction the contraction may come first, the expansion only afterwards. In a society where wages are difficult to adjust and labour mobility is low there is a very great advantage. In asking for general reduction you would not swim against the tide to nearly such an extent as you would asking for isolated reductions only—desirable as these are. But do remember that if the reduction is to mean very much it must be a reduction *ad valorem*: reduction by a certain percentage of existing tariffs may mean very little. A tariff reduction of 10 per cent. *ad valorem* all round would be a very substantial achievement. A 10 per cent. reduction of existing tariffs is very little. Personally I doubt if you could hope to get completely general reduction. But I think that you might get agreement to make general cuts on certain wide categories of articles. And that would be a great deal.

E.S.A.: But now how are all these things to be done? Presumably we could peg the pound without anybody's assistance. But it is clear that we cannot bring about final stabilisation on the lines suggested, let alone any measures for reduction of tariffs, without some degree of international consultation. Yet one tires of these grandiose assemblages. Was there ever anything more absurd than the World Economic Conference, with its pompous oratory and its meaningless resolutions? No good ever comes out of a crowd.

F.S.: I know. Large conferences never do anything worth while. But small ones are not necessarily so futile. It's difficult to be rhetorical in a small party. Besides, you can keep the journalists out until you have come to some conclusion. I have the feeling that an economic conference of representatives of the Great Powers only would do much.

E.S.A.: Meaning by the Great Powers here?

F.S.: England, France, Germany, Italy and the United States. That would be a conference small enough to get things done. Of course, the decisions taken could not be binding upon anyone but the parties concerned, and some of them at least would be in the nature of recommendations for more extensive action. But if the Great Powers would only give a lead I do not think the others would be slow to follow. So far the Great Powers never have led on matters of this sort.

E.S.A.: And do you think they would to-day? Have you any hope whatever of America? It is only two years since the President smashed the last conference.

F.S.: But a great deal has happened in the meantime. I think the administration has learned a lot. In 1933 it was set on a course which necessarily involved isolation. But I have the feeling that there has been a change. The agricultural problem over there necessarily forces them to an international solution. The drought saved them last year. But they cannot hope for an indefinite succession of droughts. Nor can they go on indefinitely paying farmers not to produce pigs and cotton. In the end they must look to foreign markets. A good many of their people see this now. There have been few more courageous speeches than those of their Secretary for Agriculture, Mr. Wallace. I do not lose hope of a government which is willing to tell people the truth about these matters.

E.S.A.: Yes, that at least is a point in their favour.

F.S.: Moreover, so far as monetary policy is concerned they have been very well behaved just recently. Nobody will defend the fantastic gold-buying policy of the autumn of 1933. It is probably the most ridiculous episode in the whole of modern history. But since January, 1934, the dollar has been stable in terms of gold. I often think your people in this country tend to overlook this. They tell me we cannot do anything because we don't know what the President is going to do. But the plain fact is that the President has pegged the dollar and since then the pound has depreciated over 12 per cent. Really, you know, it is not America who is the bad neighbour nowadays.

E.S.A.: Yes, I think we have more to fear from what the President has already done than from anything he now wishes to do. You will not accuse me of defending our policy in regard to sterling. I have always held that we should have stabilised in 1932. But I do not think it can be denied that the President's action in bringing about a 40 per cent. devaluation of the dollar, when nothing in the situation called for such a change, has materially increased the difficulties of a definitive stabilisation. Still, I agree that these difficulties may be exaggerated. If there were a rise of prices in America the situation would be radically changed. And I do not think that a rise of prices is out of the question. Certainly they have got enough credit out to support a price-level twice as high as at present.

F.S.: But, then, a rise of prices will not come while the world is paralysed for lack of confidence. Always we come back to the position of the pound sterling. So long as your authorities pursue a policy of letting things drift I see no hope of any improvement. The world is waiting for Great Britain. But it is Great Britain who is the isolationist now.

E.S.A.: Not consciously so, I think. At any rate not the majority of us. Our general foreign policy is most certainly not isolationist—whatever else may be said of it. And, although I admit that in economic affairs the policy we have actually pursued in the last three years has been isolationist *in effect*, I do not think it has been isolationist in intention. It is possible that a certain number of people are imbued with autarkish ideas. But they are a small minority. If they were

confronted with the choice, the majority would still hold that our interest lay in the international solution. If they support policies which have an isolationist effect, such as the present procrastination about the pound, it is because they do not realise the full implications of what they are supporting.

F.S.: If that is so it is possible still to hope. If Great Britain could be persuaded once more to take the lead in a resolute attempt to bring about international revival, the situation might yet be saved. Your people have no idea what could be done if only they would take the lead. They constitute the biggest market. They enjoy an unquestionable moral authority. But the situation is urgent. Every month of delay makes the danger still greater. I, too, do not doubt the goodwill of Great Britain. But in the light of our experience since the war I do sometimes doubt whether she may not act too late. The sands run very fast; it is a momentous responsibility.

*** Recent developments have brought to the front the question of the stabilisation of the world's leading currencies and this important problem is arousing widespread interest. Lloyds Bank therefore proposes to publish in its* MONTHLY REVIEW *a series of articles on this question, prepared by writers of different nationalities and expressing various points of view. The first of these articles appeared in the April issue of the* REVIEW. *The Bank is not necessarily in agreement with any of the arguments or conclusions contained in any of these articles.*

Currency Stabilisation—National and International

By Benjamin M. Anderson, Jr., Ph.D.
(Economist of The Chase National Bank of the City of New York)

THE world, under the leadership of the United States and Great Britain, had engaged in economic follies enough in the post-war period to have earned the grave setback which came in 1930 and the first half of 1931. The two main follies were (1) high tariffs and other trade barriers, for which we were very much responsible and for which Great Britain was very little responsible, and (2) the effort, for which both countries were responsible, to offset the high trade barriers and to avert the readjustments which they involved, in the direction of our industrial activities and in our price-and-costs fabrics, by an immense expansion of bank credit based on the cheap money policies of our central banks.

The world had no right to cheap money in the decade following the great war. The war had been immensely destructive of capital, and the indicated remedy was interest rates which reflected the facts, high rates of interest which, on the one hand, would have encouraged savings, both by investors and by businesses, and which would, on the other hand, have limited the use of such capital as was available to the more important uses.

The year 1927 probably offered the world its last opportunity to readjust and correct its position without violent disorder. The position in the United States, after years of rapid bank expansion based on our excess gold and the easy money policies of the Federal Reserve System, was one in which there

had been a steady decline in the proportion of bank credit going into normal commercial uses and a great increase in bank credit in capital uses and speculative uses. There had been over a hundred per cent. increase in real estate loans in the banks, in the five preceding years, instalment finance paper had increased rapidly, while stock and bond collateral loans and bank holdings of bonds had increased enormously. We still had superabundant gold.

The British position in 1927 may best be described in the language of British commentators. *The London Stock Exchange Gazette* of July 22nd, 1927 (pages 1739–41), comments on the development of the preceding year as being marked by an increase in advances and by a decline in bills, and adds: "In spite of the fate of previous similar remarks, we feel tempted once again to say that this continued increase in bank advances cannot go much further or even the present figures be maintained." *The London Times* of August 8th says: "In this country a rise in Bank Rate in the immediate future has fortunately been avoided by the reduction in the American rate, but this is due to the comfortable credit position of America, with her great stocks of gold, and is not due to any favourable movement in the British credit situation, which remains as tight as a drum. The advances of the ten London clearing banks amount to £934,556,000, equal to 54·4 per cent. of the deposits; this is an increase of nearly £200,000,000 in five years; but unfortunately in the same period our reserves have not increased, as they have done in America."

For both the United States and Great Britain readjustment and liquidation were clearly indicated in 1927. Instead, we sought by further artificial ease in our money market to make it unnecessary that we and the rest of the world should readjust, and set loose the wild forces of a speculative orgy which had been gradually generated by our cheap money policies of the five preceding years. The years 1922 to 1929 should have convinced the world that artificial cheap money and rapid expansion of bank credit—our own expansion of bank credit between the middle of 1922 and the spring of 1928 was thirteen and a half billions of dollars in deposits and fourteen and a half billions of dollars in loans and investments for the commercial banks—cannot serve as a satisfactory substitute for sound trade policies and flexible industrial prices and costs. The years 1931 to 1935 should by now have convinced the world that

currency debasement and currency manipulation are likewise failures from the same point of view.

The economic and industrial setback which had manifested itself by early 1931 was very grave. But most countries would be very glad indeed if they could regain the position in their economic life of the winter of 1930–31. 1931 brought the world the most disturbing and disastrous development of the whole depression. It came when widespread fear ran over the world regarding the soundness of great currencies, fear which began with the pressure on Austria and Germany and culminated in Great Britain's announcement on September 21st, 1931, that she could no longer maintain the gold standard. So far as industrial figures would indicate, the shock was felt less in Great Britain than anywhere else. Britain apparently got a temporary sense of relief and a relaxation of strain as a result, though the British figures for 1932 apparently are less satisfactory than the British figures for 1931, and I do not find any British authority who regards the present British situation as comfortable or satisfactory. But for most of the rest of the world the consequences were demoralising in the extreme. Almost immediately there came a great international run on the dollar, and we experienced, in the autumn of 1931, and again in the spring of 1932, two great foreign raids on our gold, in the course of which our industrial activity and our security prices fell to the lowest depths of the whole depression. The following figures are significant :—

INDUSTRIAL PRODUCTION AND SECURITY PRICES

	PRODUCTION		PRICES OF COMMON STOCKS	
	Federal Reserve Board (Seasonally Adjusted) 1923–25=100	N.Y. Times (Seasonally Adjusted) Estimated Normal=100%	New York Times Average of 50 Industrials and Rails	
1931			High	Low
April ...	88	86·4	155·82	133·15
May... ...	87	85·1	143·54	119·33
June... ...	83	82·6	144·78	112·25
July... ...	82	83·1	142·82	122·53
August ...	78	78·9	129·34	119·65
September ...	76	76·3	123·60	88·27
October ...	73	72·6	100·11	79·07
November ...	73	72·2	104·95	78·82
December ...	74	72·1	83·46	67·61

	Production		Prices of Common Stocks	
	Federal Reserve Board (Seasonally Adjusted) 1923–25=100	N.Y. Times (Seasonally Adjusted) Estimated Normal=100%	New York Times Average of 50 Industrials and Rails	
			High	Low
1932				
January ...	72	70·1	80·88	65·36
February ...	69	68·1	80·56	64·70
March ...	67	66·7	79·57	64·40
April ...	63	63·2	65·30	48·79
May... ...	60	60·9	52·13	38·64
June... ...	59	60·4	44·15	35·48
July	58	59·7	47·75	33·98
August ...	60	61·3	68·71	44·97
September ...	66	65·2	72·38	57·27
October ...	67	65·4	65·57	51·63
November ...	65	64·7	62·12	51·70
December ...	66	64·8	58·83	51·38
1933				
January ...	65	63·0	61·50	54·65
February ...	63	61·7	58·44	47·02
March ...	59	58·5	59·93	46·85
April ...	66	64·1	68·63	50·19
May... ...	78	72·5	84·42	67·60
June... ...	91	83·4	90·43	78·46
July	100	89·5	98·05	76·53
August ...	91	83·6	93·79	80·40
September ...	84	76·5	92·76	79·15
October ...	76	72·5	85·62	71·91
November ...	72	68·4	86·83	74·81
December ...	75	69·7	89·04	80·54
1934				
January ...	78	73·1	95·52	82·77
February ...	81	76·7	98·27	90·58
March ...	84	78·9	93·64	86·95
April ...	85	80·0	94·44	88·92
May... ...	86	80·2	89·54	78·51
June... ...	83	77·2	88·38	79·59
July	76	73·2	87·17	74·95
August ...	73	71·1	83·23	75·48
September ...	71	66·5	81·78	74·96
October ...	73	70·5	83·97	78·59
November ...	74	71·2	87·33	80·04
December ...	86	78·7	87·71	82·70

In June and July of 1932, three favourable developments came :—(1) We were able to announce that we had met the second great foreign run on our gold, that foreigners had taken

all the gold they could, that we still remained with approximately a billion dollars of gold in the Federal Reserve Banks above the legal reserve requirements. (2) Our Senate, by the decisive vote of 62 to 18, defeated the soldiers' bonus fiat money bill. (3) Both our political parties, in their conventions, declared in favour of sound money.

The result was an extremely heartening upswing, first in the securities market and second in industrial activity. The autumn of 1932 brought us, for the first time in the depression, a very much better than seasonal improvement in general business activity.

Renewed fears regarding the standard of value came in the late autumn of 1932 and we passed into renewed disorders, from which we emerged with the gold standard abandoned, and with the policy of beating down the gold content of our dollar in the hope of raising commodity prices.

With both sterling and the dollar unanchored to gold, commodity prices measured in gold fell everywhere. Gold rose in value because gold's greatest competitor, namely, the confidence which men have in the promises of governments and central banks, was so gravely damaged.

Prices of commodities may rise or fall from causes connected with gold, or from causes connected with goods and markets. It seems to me very important to make a sharp separation between 1930 and the first half of 1931 on the one hand, and the period beginning with the second half of 1931 on the other hand, from the standpoint of this distinction. Following the great smash in 1929, international credit ceased to constitute an offset to the world's high tariffs, and the great international staples fell violently in price, not because gold was rising, but because markets were choked by the tariffs. Increases in tariffs that came in 1930 complicated this still further. But with the fears that came regarding the validity of paper currencies in 1931, there came a further great factor affecting prices from the side of gold itself. Among the important functions of money is that of serving as a store of values and as a "bearer of options," to which men turn in times of trouble when they are afraid to hold other things. This function of money is performed also by the highest grade bonds in ordinary crises, and, in the United States, in all our previous crises it has been performed on a very extensive scale by United States Government bonds. The credit of the govern-

ment has actually been strengthened in our previous crises by virtue of the fact that our investors had developed a tradition of turning to government bonds when they were afraid to hold anything else. With fear, however, regarding the promises of governments, men have turned on a vast scale throughout the world to gold itself, and, despite all the efforts that governments have made to prevent the hoarding of gold, I think it conservative to say that more gold is being hoarded in the world to-day than ever before. Gold has risen in value because its great competitor has been so gravely damaged, because men no longer trust as they did five years ago the promises of great governments and great public banks of issue.

As to foreign commerce, the figures make it abundantly clear that the disorder created by fluctuating currencies is an almost impossible barrier.

EXPORTS OF FIVE COUNTRIES IN DOLLARS

(*Sterling figures reduced to dollars at current rates of exchange.*)

(000 *omitted.*)

	1929	1930	1931	1932	1933	1934
United States—						
January ...	480,384	404,309	245,727	146,785	118,562	169,530
February ...	434,531	342,884	220,666	150,997	99,438	159,670
March	481,716	363,131	231,077	156,000	106,310	187,500
England—						
January ...	325,472	283,532	182,805	106,783	98,129	159,941
February ...	270,894	252,688	154,721	103,680	95,514	151,202
March	285,289	262,528	165,407	113,522	111,650	168,657
Germany—						
January ...	246,537	245,822	172,457	126,246	92,938	131,875
February ...	219,144	228,910	174,601	128,152	88,914	133,200
March	221,526	248,204	195,800	125,531	101,304	159,237
France—						
January ...	145,118	145,589	100,901	70,795	58,850	94,260
February ...	161,426	157,506	108,074	69,306	60,398	97,675
March	163,856	155,154	120,579	67,424	59,507	97,970
Holland—						
January ...	61,181	88,428	47,265	28,122	23,197	35,524
February ...	49,693	80,694	44,016	30,311	21,987	33,898
March	70,387	90,934	46,819	29,185	26,121	40,925

The decline in foreign trade from 1929 into the early part of 1931 must be attributed primarily to the strangling effects of tariffs and other trade barriers, uncompensated for by a continuance of international credits. The further violent decline

is primarily due, I think, to the added factor of currency disorders.

We must rebuild confidence in the promises of governments and central banks. We must rebuild gold's great competitor. A patient world will forgive much to governments dealing with a great crisis and yielding in the face of immense difficulties, if convinced that the governments, having surmounted the crisis, mean to maintain a solid fabric in the future. But, if the world is to remain for a long time uncertain even as to the intentions of the governments, it is difficult in the extreme to build up.

The primary responsibility for this rebuilding must rest with the United States and Great Britain. Both of us are far too big and both of us have far too much influence on the affairs of every other country for us to have any right to leave ambiguity as to our intentions. It is no strange thing that we and Great Britain have failed to get the great rise in commodity prices which would correspond to the debasement of our currencies. We have destroyed so much credit in the world in the process that the amazing thing is that we have had any price rise at all. But we can get a partial restoration of the destroyed credit, and a very substantial price rise, if we make our devaluations definitive, and convince the world by unequivocal promises that the gold contents will not go lower.

Every period of currency disorder brings a crop of well-known economic fallacies which become a kind of conventional orthodoxy. In times of sound money, we usually recognise that paper money is, after all, a promissory note, a promise to pay real money; that real money is a piece of precious metal of fixed weight and fineness, that the government's stamp upon it is merely an attestation of weight and fineness, and that when it is light weight it goes by weight and not by count. But in times of currency disorders, when the promissory note of the issuing authority is no longer honoured, there is an increasing tendency to attribute some magical nature to this dishonoured piece of paper. In the Greenback days of the United States, the period of suspension of specie payments which lasted from the beginning of 1862 to the first of 1879, the view was widely held that the paper promise to pay was itself an ultimate money, that the government's printing of the words, "one dollar," upon it was all that was necessary, and that resumption of specie payments was an absurdity. In 1921 there came an

expression from some Polish statesman protesting against the retirement of a single Polish banknote, because every banknote is imbued with "the soul of the Polish people." And to-day one hears about a "dollar standard" as against the gold standard, and of a "sterling standard" as against the gold standard, as if dollar or pound sterling could be given meaning apart from their reference to gold.

There has been borrowed from Germany the so-called "state theory of money," according to which money is purely a creature of the State, and according to which the State's requirement that it be accepted in payment of debts and in payment of taxes is sufficient to make it money without redemption in metal. That the power of the State (which is not absolute but which is substantial) and various social psychological forces can make a piece of paper money something more than a mere promise to pay precious metal is doubtless true. I have undertaken an analysis of this in Chapter VII of my "Value of Money." For the present, however, I wish to call attention to one illuminating sentence from Knapp's *Staatliche Theorie des Geldes*, where the idea of money as the creature of the State is most elaborately developed. Knapp is a keen logician and a fine hairsplitter, and he is more than once able to turn a clever phrase against his opponents. He is concerned with logical precision in definition rather than with justification of policy, and his thesis is that whatever the State declares to be money is money. Met with the objection that State paper money, if irredeemable, is very bad money, he still insists on including it in the theory: "*da es ja Geld sein muss, um schlimmes Geld zu sein*" ("because it must indeed be money in order to be bad money"). I am content to leave the matter with this sentence of Knapp's. Undoubtedly the State can make bad money without redeeming it, but the State cannot make good money without direct or indirect redemption.

A great multitude of other fallacies arise as part of the orthodoxy of a heterodox monetary system. One is that the restoration of the gold standard should be the last step in a process of financial reorganisation, that the gold standard is more or less an ornament and token of achievement. This notion ignores the vital importance of sound money as an instrument of achievement and as an agent of financial reorganisation and stabilisation. A second is that the gold standard cannot be restored until the foreign trade balance,

including both visible and invisible items, is favourable. This ignores the function of sound money in regulating and controlling the balance of international payments. Under the gold standard, pressure in international payments first manifests itself in the foreign exchange market, and the rate of exchange goes down to the gold export point. With the beginning of gold exports, the pressure is immediately transferred to the money market. To protect its gold reserve, the central bank will normally raise its discount rate, and, if necessary, supplement this by selling securities in the open market. Higher discount rates and tighter credit make exporters more anxious to sell and make importers less anxious to buy. Moreover, security prices go lower. Under these circumstances, foreign capital is more readily attracted to the domestic stock exchange. Foreign banks, moreover, are tempted by the higher rates to place increased deposits with domestic banks. In other words, exports are encouraged, imports are discouraged, investment of foreign capital in domestic securities is encouraged, deposits by foreign banks in domestic banks are encouraged, domestic holders of foreign securities are disposed to sell them, domestic borrowers who have foreign credit are disposed to borrow abroad in order to pay off at home, and the upshot of all these factors is that the outflow of gold is checked and the international balance of payments is corrected. The gold standard is an instrument and not merely an ornament.

Another fallacy, widespread in the post-war period and very widespread to-day, is that the restoration of the gold standard means higher discount rates, and that this is an evil to be avoided at all costs. It does mean higher discount rates in a country with over-extended credit and with unduly easy money. But discount rates which tell the truth are good rates, not bad rates. One of the most serious obstacles to the return to orthodox money arrangements is the fear of the discipline which this involves. One of the chief reasons why we have got into the present world trouble is that we used artificial measures in the post-war period to avoid this discipline. But the prospect of tight money as a result of definitive revaluation, either of sterling or of the dollar, at present gold values, is very remote. We have added greatly to our already very excessive gold reserves by our tentative revaluation, and the British gold reserves, enhanced by the same process, would be very great.

Another fallacy is, of course, the doctrine that declining exchange rates help the export trade. The theory of this is wrong, and the statistical evidence that the view is wrong is impressive.

During the post-war years when their exchange rates were falling, French and Italian exports were hampered, not helped. Between 1919 and 1926 they amounted to only 74 per cent. of imports in the case of France, and 56 per cent. in the case of Italy. With the benefits of stable currency at work these figures rose for the 1927–31 period to 89 per cent. and 73 per cent. respectively. Figures are available in terms of quantities for Belgium and Germany. It appears that Belgian exports increased more than 30 per cent. in the three years following stabilisation of the currency, while German exports increased no less than 160 per cent.

Similarly, the increased trade expected by countries which left the gold standard in 1931 did not develop. Comparing exports of the three leading non-gold countries of Europe for the first nine months of 1931 with the first nine months of 1932, we find a decline of 7 per cent. in the case of England, 19 per cent. in the case of Sweden, and 22 per cent. in the case of Denmark. These percentages are in terms of domestic currencies; in terms of gold the decline is much more striking.

A careful study by the U.S. Tariff Commission of 277 articles produced by countries off the gold standard brought out that these countries sent us only 43 of them in greater volume in 1932 than in 1931. On the other hand, gold standard countries sent us in 1932 increased quantities of 40 of these same 277 commodities.

The theory that falling exchange rates encourage exports is valid only under sound monetary arrangements. It is quite true that a decline in the exchange rates within the gold points, due to pressure of an adverse balance of payments, encourages exports and retards imports, as shown above. But when a currency is unanchored to gold and exchange is falling because of currency depreciation, a different set of factors comes in. Exporters reason that they should not hurry to export because they can get still more in their domestic currency for exports at a later time. Importers reason that they must hasten to import all they can because the foreign exchange in which they will have to pay for their imports will cost more in the domestic currency next week or next month.

Finally, the heterodox orthodoxy rests on the general proposition that action now is premature. We know that we must come back to the gold standard, but we shouldn't do it now. We must wait for other countries to get their tariffs down, or we must wait for international agreements, or we must wait for other countries to cease this or that folly, or we must wait for settlement of intergovernmental debts, or we must wait until after the election—the latter being a particularly disheartening consideration to those of us who have waited for elections in Germany and then elections in France and then elections in the United States, only to find that a new election was imminent in some other country and that men were already laying plans for the next election in Germany or France or the United States.

The connection between foreign trade policy and gold policy is obviously close. If gold alone is free to move across international borders in payment of debts, the pressure on gold is very great, while if goods also may move with reasonable freedom and gold is used only to settle small balances the monetary problem is greatly relieved.

But there is the reverse relation between currency policy and foreign trade policy. The greatest impetus that has come to the erection of trade barriers has been, for every country, currency depreciation in other countries. The connection also between the problems of intergovernmental debts, and currency and foreign trade policy is close. With sound money and reasonable tariffs, governments can reasonably consider making payments of a magnitude which they correctly feel that they cannot reasonably consider making under existing conditions of fluctuating currencies and strangled trade. And the connection between political peace, internal and external, and good currencies and reasonable trade policy is very close. There was a fine *rapprochement* between France and Germany in the period of active business that followed the restoration of good money in Germany by the Dawes Plan, turning again into bitterness as hard times came.

I cannot concur in the view that we should let anything wait for anything else. It would be eminently desirable, of course, that we should get the nations of the world together and simultaneously adopt definite and satisfactory policies which would stabilise currencies, lower tariff barriers, bring about a fair and reasonable settlement of inter-allied debts,

eliminate foreign exchange controls, and remove international animosities. But the world doesn't do things that way. And I think that wise policy will be opportunistic about these matters. Accomplishing any one of them or part of any one of them will help to accomplish all the rest. A sound gold sterling and a sound gold dollar—I am not talking about returning to the old gold content of either—would give a great lift to the world and tremendously facilitate the elimination of trade barriers and the other necessary adjustments. The lowering of tariffs by important countries, with or without reciprocity, would help currency stabilisation everywhere in the world. Steps toward the adjustment of any of these problems will help solve all ot them. No forward step is "premature."

BENJAMIN M. ANDERSON.

Notes of the Month

The Budget.—The financial year 1934–35 closed with a total surplus of £19·9 millions. £12·3 millions of this had been allotted to the New Sinking Fund during the year, so that there was a net surplus of £7·6 millions. In opening his budget for 1935–36, Mr. Chamberlain began by estimating ordinary expenditure at £730·0 millions and ordinary revenue at £735·6 millions. His estimate of ordinary expenditure allowed £4·0 millions for supplementary estimates and represented an increase of £21·1 millions over the actual expenditure for 1934–35. His revenue estimate, made on the basis of existing taxation, represented an increase over the 1934–35 actual receipts of £19·1 millions.

His prospective surplus was thus £5·6 millions. He proceeded to announce certain minor changes in taxation and also an increase from 1d. to 8d. a gallon in the duty on heavy oil used in road vehicles, his object in the latter instance being to protect the revenue obtained from the petrol duty. He also stated that he proposed to appropriate the Road Fund's outstanding surplus of £4·5 millions. These proposals increased his prospective surplus to £11·0 millions.

Mr. Chamberlain finally announced certain concessions. From July 1st the entertainment duty on all seats costing not more than 6d. is to be abolished, and the duty is to be reduced on other seats where the entertainment is given by living performers. This will absorb £2·0 millions in the current year and £2·7 millions in a full year. Next, the Chancellor announced some changes in income tax allowances especially designed to help as far as possible incomes near the bottom of the scale. The main reliefs consist of the raising of the allowance for married couples from £150 to £170, and the allowance for children, other than the first child, from £40 to £50. Some adjustment is also made in the portion of income subject to tax at less than the standard rate. Hitherto, the first £175 of taxable income has been taxed at half the standard rate, but henceforward the first £135 is to be taxed at one-third of the standard rate. Next, no income of less than £125, whether earned or unearned, is to be taxed. These concessions cost £10 millions in a full year and £4·5 millions in the current year. Finally, the remaining half of the cuts made

in 1931 in civil service salaries, defence force rates of pay, and other public service wages, salaries and fees, is to be restored as from July 1st. This will cost £5·5 millions in a full year and £4·0 millions this year. The total cost of this year's concessions is £10·5 millions, which absorbs almost all the prospective surplus of £11·0 millions.

The Money Market.—Superficially a state of equilibrium appears to have been established in the money market. The clearing banks are lending at ½ per cent. against bills eligible for rediscount at the Bank of England and at 1 per cent. against other forms of collateral. Other lenders are no longer offering money at ½ per cent. Some clearing banks are buyers of Treasury bills of all maturities at ½ per cent., and the average rate at which Treasury bills have been issued by tender has been a shade above ½ per cent. Discount Houses are obtaining bills from their clients at $\frac{9}{16}$ per cent. for the finest bills, and can resell them at ½ per cent. to the banks.

These rates imply that the discount market is once more able to earn a small profit, and it would appear that this state of equilibrium could continue. Yet by the end of April there were signs that a slight change in conditions was developing. While money was still very easy, the clearing banks were not quite such ready lenders as before, nor were they buying bills quite so freely. Easter holiday currency withdrawals by the public deprived the banks temporarily of some £5 millions of funds, and if this were the sole explanation easier conditions might be expected when these funds were returned to the banks. The Jubilee, however, on May 6th, is likely to occasion further currency withdrawals and, indeed, more currency than usual may this year be in circulation during the whole of the summer. Another and more important factor is that the new financial year has now begun and with it the period of the seasonal increase in the floating debt. Between March 30th and April 27th, the total tender issue of Treasury bills was increased from £360·4 to £392·9 millions. This expansion of £32·5 millions, much of which has to be carried by the banks and the discount market, may explain both why the banks are not quite such ready lenders or buyers of bills, and why the members of the discount market remain keen borrowers.

The Foreign Exchanges.—Towards the end of March a new Belgian Government was formed, and after a few days it decided to devalue the belga below its former gold parity. A three days' banking holiday was proclaimed, the necessary legislation was successfully passed, and by April 2nd when the bourses reopened it had been decreed that the belga was devalued by 28 per cent. Simultaneously, a series of banking reforms had been promulgated and a general economic programme had been announced. The devaluation of the belga in itself served to place Belgian commerce and industry upon a better competitive basis with those of other countries, and the general result was a restoration of internal confidence. Money, which during March had left the country, began to return, the new exchange rate was firmly held, and forward belgas, which prior to devaluation had been at a heavy discount against sterling, moved to a small premium.

While Belgium has escaped from her immediate troubles, her action came as a severe shock to other members of the gold *bloc*. Both France and Holland found themselves exposed to fresh competition from a neighbour who had suddenly gained a 28 per cent. advantage over her previous relations, and although the Belgian Government has let it be known that it will take steps to mitigate "exchange-dumping," the defection of one member of the gold *bloc* immediately inspired doubt whether the other members would or could remain on gold. These doubts set in motion large-scale transfers of capital, especially out of Holland and Switzerland, accompanied by a fresh outburst of speculation which fell mainly upon the guilder and the Swiss franc. Heavy sales of forward exchange were made during April in both currencies, and at one time three months' guilders were quoted at 30 cents. discount, and three months' Swiss francs at over one franc discount. Both these margins were very wide indeed, and indicated heavy pressure upon the two currencies. Substantial gold losses have also been experienced by the central banks of both countries, but these gold reserves were previously so high that their losses have not seriously weakened their position. The Banque de France has also lost gold, while both London and New York have been gainers of gold during the month. The Dutch authorities have attempted to withstand the pressure by orthodox methods. Since April 1st the Dutch Bank rate has been raised from 2½ to 4½ per cent., and the

Dutch banks are discouraging speculative operations in exchange. By Easter these measures had to some extent succeeded, for the pressure on both the guilder and the French franc began to relax. Spot sterling also weakened immediately after Easter, but this was due to a demand for dollars, and the gold *bloc* currencies only appreciated on the spot market in sympathy with the dollar. Forward guilders and French francs were a shade stronger, but still at wide discounts, and heavy forward sales of Swiss francs continued to be made. The outlook for several members of the gold *bloc* still remains uncertain.

The Stock Exchange.—Notwithstanding recent international unsettlements, including the devaluation of the belga, the weakness of the other gold *bloc* currencies and the fresh German developments, the London Stock Exchange became distinctly firmer during April. The previous financial year's surplus, the budget, and the March trade returns all had a good effect. Again, the latest reduction in the building societies' mortgage interest rates and the Chancellor's decision to take power to convert Local Loans created the impression that the present low level of long-term interest rates would prove more permanent than seemed likely earlier in the year. As a result, prices in the gilt-edged market have definitely strengthened, the net increase during April amounting to 1·3 per cent. Industrial shares have also improved by about 4 per cent., partly due to the influences mentioned above, and partly because of a realisation that the set-back in February and March had gone further than was justified by the underlying state of trade. Home railway stocks have improved slightly, but the market has been inclined to make too optimistic a forecast of recent traffic returns, and so the improvement has been slow and hesitant.

In the foreign market, German bonds have been very steady. Chinese bonds improved on the sharp rise in silver, notwithstanding the fact that each rise adds in many ways to the economic difficulties of China. South American bonds have strengthened slightly. Argentine railway stocks responded to better traffic returns and to the report of the Argentine Transport Enquiry, the recommendations in which should ultimately help the railways.

The oil share market has been dull, and business in rubber shares has lately dwindled to very small dimensions.

Tea shares weakened early in April, but have since rallied. Gold-mining shares remained steady, and the South African budget and the proposed changes in taxation had little effect. The only noticeable change in base-metal shares was a sharp rise at the end of the month in shares in silver-producing mines, this being due to the rise in the price of silver.

March Overseas Trade.—Imports for March, 1935, amounted to £60·5 millions, against £56·3 millions in February and £61·9 millions in March, 1934. British exports came to £36·0 millions, against £34·1 millions in February and £33·1 millions in March last year. Re-exports were £4·5 millions, against £4·4 millions in February and £5·6 millions in March last year. Comparing March this year and last, the principal changes were a drop of £1·7 millions in raw material imports and an increase of £2·4 millions in exports of British manufactured goods.

The returns for the first quarter of the year perhaps give a more complete picture. They are summarised in the following table :—

Description	Jan.-Mar., 1934	Jan.-Mar., 1935	Increase (+) or Decrease (–)
	£ mn.	£ mn.	£ mn.
Total Imports	183·7	178·3	– 5·4
Retained Imports	168·8	164·4	– 4·4
Raw Material Imports	57·6	52·2	– 5·4
Manufactured Goods Imports	41·9	43·0	+ 1·1
Total Exports, British Goods	94·7	105·5	+10·8
Coal Exports	7·4	7·5	+ 0·1
Iron and Steel Exports	7·4	8·4	+ 1·0
Cotton Exports	14·9	16·0	+ 1·1
British Manufactured Goods Exports	72·4	82·3	+ 9·9
Re-exports	14·9	13·9	– 1·0
Total Exports	109·6	119·4	+ 9·8
Visible Trade Balance	–74·1	–58·9	+15·2

The most disquieting development is the fall since last year of £5·4 millions in the value of raw material imports. Out of the fourteen categories of raw materials shown in the returns, however, seven have registered increases since last year; while there is also an increase of £1·5 millions in "non-ferrous metals and manufactures thereof," which, though classified as manufactured goods, are largely raw materials. The only

appreciable declines in raw material imports are those of £1·0 million in hides and skins, £1·4 millions in raw cotton and £6·7 millions in raw wool. The last really accounts for the whole of the decrease in raw material imports, and to some extent is due to the year's fall in prices rather than to a contraction in volume. Hence the drop in raw material imports is less serious than the crude returns suggest. Exports of British manufactured goods have increased in value by £9·9 millions. The increase is well spread over every category, with iron and steel, cotton yarns and manufactures, machinery and vehicles the most prominent. The general lesson of the returns is that progress is most marked in the heavy industries, but that even the textile trades are no longer lagging quite so much behind. Certainly, there is no evidence of any real set-back in trade.

Commodity Prices.—The past five weeks has witnessed a recovery in world wholesale prices. In England the low point for the current year was touched in the third week of March, when an index figure of 103·1 (Sept. 1931=100) was recorded. This compared with a figure of 106·5 at the New Year, and a peak figure for the year of 107·3 in early January. By the end of April the index figure had risen to 105·2, or an improvement of just over 2 per cent. Thus half of the ground lost since early January has now been recovered. A similar tendency has been noticeable abroad since the middle of March. American wholesale prices have risen from 117·4 to 118·6, French from 77·5 to 78·4, Italian from 88·7 to 91·7, and German from 92·5 to 92·6. All these foreign index numbers, except the German figure, are higher than they were at the New Year, the explanation being that the February set-back was most severe in England. The April recovery is well spread. It was most marked in the case of non-ferrous metals, but cereals, meat and textile prices are all higher than in March. There was a check to the recovery during the Easter week, but this may be due to the holidays.

The Ministry of Labour's cost-of-living index number fell during March from 41 to 39 per cent. above its level of July, 1914. This movement is entirely seasonal, and reflects a decline in the index number of retail food prices from 22 to 19 per cent. above their pre-war level. Practically no change has occurred in the cost of living during the past year.

Home Reports

The Industrial Situation

In one or two respects the general tone improved during April. Wholesale commodity prices have begun to recover after their previous set-back, railway goods traffic receipts registered a slight increase over those of the previous April, and a better atmosphere developed in the industrial market on the Stock Exchange. Recently there has grown up a disposition to argue that the trade recovery has now reached its limit, and that all that we are doing is to hold the ground regained a year ago. Even allowing for the uncertainty of the international outlook this view is too pessimistic. It is true that recovery is now less rapid than in 1933 and 1934, for whereas during the year ended March, 1934, unemployment fell by 596,000, during the year ended March, 1935, it only fell by 82,000. April, however, has witnessed a further decrease in unemployment of over 100,000, and it is officially stated that on April 15th there were 10,320,000 insured persons at work—the highest figure for over 14 years. Next there is evidence of more active consumption. The note circulation is some £11 millions higher than a year ago, the metropolitan and country clearings of the London bankers' clearing house equally show an improvement, and although Easter made March an active month a year ago, retail trade in March this year was 0·6 per cent. higher. Evidence of the state of production is perhaps less determinate. Activity in the heavy industries is well maintained, and the building trades have established a new high record, plans passed during March being about £10 millions. Bank advances in March were £14 millions higher than a year ago. The general position of the older textile industries cannot be called entirely satisfactory. Against this, however, must be set the progress of the rayon industry, and some recovery during recent weeks in the boot and shoe trades. Overseas trade is discussed on a previous page. Shipping remains depressed. To sum up the position, British capital goods industries are doing reasonably well, with the exception of ship-building. The consumption goods industries are less uniform, but while there are one or two weak spots among the older industries, the newer industries are encouraging. Taking the trade of the country as a whole, there is no doubt that we are continuing to make progress.

Agriculture

England and Wales.—According to an official report spring sowing was general at the end of March and the earlier sown spring corn appeared to be germinating well. Although growth was checked by cold winds and frost at the beginning of March, autumn-sown crops benefited from the subsequent mild and open weather conditions. The preparation of the land for potatoes and sugar beet was well forward and the planting of early potatoes was being carried out under favourable conditions. Lambing has taken place under exceptionally good conditions and the fall of lambs among lowland flocks has been up to average. Lambing prospects among the hill sheep are good. Pastures were showing signs of growth at the end of March. All classes of stock appear to be doing well and milk yields are normal for the time of year.

Scotland.—Weather conditions, though cool, have, on the whole, been favourable during the past month, and farm work is well advanced. Winter-sown wheat has maintained its steady growth, and March plants have a fresh appearance. From statistics available it appears that there will be an increase of 7,000 acres under wheat this year. Barley and oats are both showing a good " braird," and by the middle of April potato planting had been completed in most districts. The future of the sugar beet growing industry is causing farmers some concern. The lambing season, although affected by severe weather in some of the northern districts, has been generally very satisfactory. In the produce markets wheat has been in smaller supply and firmer: barley is inactive, but there has been a better demand for oats. Potatoes are meeting with more enquiry and Kerrs Pink have risen from 60s. to 65s. per ton. In the livestock markets there has been a noticeable improvement in the trade for store cattle, while fat cattle have also met a better demand in most markets, although prices have shown little alteration. The trade in fat sheep and lambs has been good on the whole, even though supplies have increased at certain markets.

Coal

Hull.—Enquiry is better and collieries are consequently well stemmed. Prices are firm in all sections.

Newcastle.—The good demand for best steams is maintained and there is little free coal available for May. Graded coals are also a stronger market. Best Durham bunkers and gas coal are moving better, but coking coal and gas seconds are quiet. Coke is firmly held with a good home demand and more enquiry from abroad.

Sheffield.—The improvement in the export coal market, which led to representations to the Quota Committee, has resulted in the export quota being raised to 70 per cent. compared with the original quota of 60 per cent. permitted for April exports. Home demand shows further improvement, particularly for railway requirements. Trade in domestic supplies is decidedly easier.

Cardiff.—New business is still slow and completed transactions for forward business are scarce. All classes of bituminous sized coals are scarce and exceptionally firm and are commanding at least 1s. over the minimum prices. Other coals are readily obtainable at schedule prices.

Newport.—Foreign shipments of coal in March totalled 164,000 tons compared with 165,000 tons in February and 204,000 tons in March, 1934. The increases in January and February over the corresponding months of last year have been neutralised by the decline in March, and there is a decline of 1,000 tons for the three months as compared with last year. Foreign demand has slackened considerably, and collieries are working irregularly.

Swansea.—General enquiry is very quiet and is confined largely to the best quality anthracites, which are mainly firm. Second quality anthracites are irregular, and screened qualities are generally weak and uninteresting.

East of Scotland.—In both Fife and the Lothians the demand for all classes of round coal continues satisfactory. Washed fuels are in rather better demand and prices remain steady. Third-class steams are moving off as produced.

Glasgow.—Collieries are very well employed. Large coals are still in strong demand on both home and export account. Some screened qualities of coal were scarce at the middle of April, not only for prompt shipment, but also for despatch to foreign countries during the next few weeks. New business with importers abroad, however, is scarce, and the activity

is mainly due to the fulfilment of outstanding contracts. Collieries in the West of Scotland, which depend largely upon the home and coastwise trade to absorb their production of smalls, have still good order books, but the demand has begun to show signs of diminishing.

Iron and Steel

Birmingham.—Business is rather unevenly distributed. Orders are mainly restricted to current requirements as forward commitments generally are well covered. Specifications against contracts are coming forward more freely, but the expansion of business is slow. Strip mills continue to be well employed.

Sheffield.—All plants in the basic steel trade are working to capacity. There was a slight falling away in the acid-carbon steel section during April, but output and sales of special steels remained fairly steady. Railway contracts have brought several useful orders to Sheffield and district, and the heavy forges are better employed. The output of stainless and acid-resisting steels continues to expand and the output of steel ingots and castings for March was the highest for any month since 1929, the peak year.

Tees-side.—Pig-iron makers in Cleveland are well employed, but new business during early April was scarce. Makers, however, are not embarrassed by heavy stocks, and production is absorbed by deliveries under running contracts. Export business has fallen to very small tonnages. Prices for all home sales are well maintained. Imports of semi-finished steel continue above the level of last year, and shipments of finished steel are slightly higher. On the structural side, specifications are coming forward quite freely. Good tonnages of semi-finished materials are being produced, and enquiry for rails has improved. The outlook for the steel trade is good, but some departments, particularly plates and rails, are short of employment.

Wolverhampton.—Foundries are still busy and the output is maintained.

Newport.—Imports during March averaged 7,100 tons per week against 6,200 tons both in February and in March, 1934. The quantity dealt with in the week prior to the coming into force of the increased import duties was nearly

17,000 tons and only a small tonnage has arrived since. Exports averaged 2,800 tons per week and were practically double the level of a year ago. Local works are fairly well occupied, mainly on inland orders.

Swansea.—Tin-plates had a better demand during March. Employment has improved, and production was approximately 53·4 per cent. of capacity.

Glasgow.—Steel mills are steadily employed and tonnages produced are fairly satisfactory. Makers of heavy steel are being pressed for deliveries of some classes of material for home and export business. In the sheet trade the demand for light and heavy gauges on home account is very good. Makers of wrought iron and steel bar re-rollers are moderately well employed and some mills are working full time. Tube makers are not very busy, but in some departments employment is slightly better. Scottish pig-iron is in moderate demand, and a steady outlet is being found for the output of the twelve furnaces in blast.

Engineering

Birmingham.—Business is more active in the motor trade and a confident tone prevails. Cycle manufacturers are working under full pressure and the improved demand for motor cycles is maintained. The ancillary trades are feeling the benefit of steady business in the motor and cycle industries. Edge-tool makers and manufacturers of electrical appliances are very busy. The position in the light engineering trade continues to be regarded with satisfaction, and there is a definite improvement in constructional engineering.

Coventry.—The motor car, motor cycle and pedal cycle trades all continue to be very actively engaged. The electrical engineering industry and the machine tool trade are also prospering.

Leicester.—Home trade is good and there is practically no unemployment among the skilled grades. The Imperial Typewriter Company report that they have signed a contract for the erection of new offices at a cost of over £16,000.

Sheffield.—The steady and continued expansion in the hand and engineers' small tool trades, which began eighteen months ago, shows no sign of easing off. Current output

exceeds that of last year, and both home and export trade show an improvement. Sales and orders for garden tools are above the seasonal average. A large order for saws for Russia has recently been placed.

Wolverhampton.—Trade in constructional engineering shows some improvement, and business in general engineering is moderately good. Makers of electrical plant are still working under pressure. The battery section of the industry is approaching the customary seasonal lull, and output will be reduced in consequence. The motor and cycle trades show steady progress.

Glasgow.—Conditions in the shipbuilding industry on the Clyde show no improvement. During the past quarter the amount of work on hand has fallen by 55,000 tons gross, as the result of an unusually large number of launches and few new contracts. During the first few weeks of April, however, six contracts for vessels of moderate size were announced, three of these being on overseas account. The quieter tendency, particularly as regards mercantile work, is reflected in the marine engineering trade. Fortunately, some firms have a large amount of Admiralty work to complete and this may prevent any serious reduction in employment.

Metal and Hardware Trades

Birmingham.—Business in the cold rolled brass and copper section shows little change, but prices have continued firm. Export business has derived benefit from the increased Empire demand.

Sheffield.—The main cutlery trade is slightly better than a year ago. There is, however, room for much further improvement. Business in E.P.N.S. ware is on the quiet side, and sterling silver ware is only just holding its own. Chromium plating appears to be making further headway and gaining in popularity.

Wolverhampton.—The hardware trade remains satisfactory and is aided by continued activity in building. There is an excellent demand for locks and building materials generally. The hollow-ware trade is expecting the forthcoming Fair at Castle Bromwich to bring substantial additional business.

Cotton

Liverpool.—On the futures market, after early nervousness, prices have risen steadily with brief pauses from the low level of 5·95d. per lb. for May delivery ruling on March 18th. Total forwardings of American now amount to 7,403,000 bales, or 2,786,000 bales less than the total for the corresponding period last year. At the same time world consumption of all growths, estimated at 14¼ million bales, between August and February, appears to be above that of any year since 1929 to 1930, and not far short of the record then achieved. The proportion of American to outside growths has fallen to below 50 per cent., and in view of the increasing difficulty in the supply of the latter the recent hardening in price is not unexpected. In addition, the total indicated production of outside growths is just under that of last season, while the total visible supply of American cotton is nearly 2 million bales below the comparable figure. Doubt is now expressed as to whether the supply of American cotton outside Government hands will be sufficient to meet normal demands, and it is suggested that bids may have to be made before the end of the season for Government-held cotton, which now amounts to approximately 6 million bales. The uncertainty regarding the future of the 12 cent Loan continues to overhang the market, and no reliable information can be expected until new crop estimates are ready in August. Meanwhile, reports indicate a possible acreage of 30 per cent. for the ensuing year. In general there is a tendency for the difference between the old and new crop position to widen; there is a growing difficulty in obtaining contracts to meet buying orders, and the determined holding policy of the United States Government appears at last to be forcing the nearer positions upwards. On the Spot market there have been signs of broader demand and the improvement in American has been maintained. Outside growths continue in demand but the basis price overseas remains high, although this is only gradually having effect in Liverpool, owing to the large supplies already afloat. Buying has been limited and quotations unchanged. Manchester shows some mistrust of the price advance, but reports a number of transactions in both cloth and yarns. There has been a large Indian enquiry, but offers have been too low. Argentine has made offers, and there have been signs of a better demand for hosiery and lace yarns.

Wool

Bradford.—Prices for all qualities of tops remain firm, and merino prices tend to harden. Spinners remain busy, but yarn prices do not keep pace with the recent advance in tops.

Hawick.—There is practically no change in the Border tweed trade. Confirmations for next winter are coming forward very slowly, and mills are working to only about a third of capacity. The new designs for the spring of 1936 are expected to be on view shortly. Wool prices have recovered from the recent fall, and a favourable feature at present is the enquiry on German account. Hosiery and underwear manufacturers are rather busier, but could easily cope with more work, while the demand for fancy knitted goods is only moderate. Spinners and dyers are no better.

Other Textiles

Dundee.—There is little activity in the jute trade. Prices of both raw jute and manufactured goods remain steady, but business is confined to small lots owing to the difficulty of making prices. Both spinners and manufacturers are reluctant to reduce their quotations.

Dunfermline.—In the Fifeshire linen trade manufacturers continue busy and prices are all very firm. Orders, however, are generally small as the buying is mainly for immediate requirements. The devaluation of the belga is having a somewhat disturbing effect, and there is some uncertainty as to the future course of prices. The raw material remains strong, but very little business is passing as spinners are reluctant to commit themselves when yarns are proving so difficult to sell.

Clothing, Leather and Boots

Leicester.—In the boot and shoe trade the immediate prospect is very promising and manufacturers are working at about 90 per cent. of capacity. Although there has been a reduction in shipments to the Irish Free State, there is an improved outlook for exports in some other directions. Trade in hosiery has been bad, particularly in the footwear section

where heavy imports are coming from abroad. Underwear sections report some improvement, but outerwear sections are only experiencing moderate business. Conditions in the home trade are poor and there can be little doubt that the production of very cheap lines of footwear, underwear and outerwear is in danger of being carried too far.

Northampton.—Most boot and shoe manufacturers report an improvement in trade, especially in the women's section. Tanners are not selling far ahead as a rise in prices of hides is expected. Mr. Alfred Dickens, well known in the leather trade, is to be congratulated upon being elected President of the Northampton and County Chamber of Commerce.

Shipping

Hull.—There is not much improvement in c.i.f. business, and rates continue at low levels.

Liverpool.—Rates for outward coal tonnage are unchanged and enquiry is only moderate. River plate homewards showed some activity early in April, but was quiet later at fixed rates. Atlantic-American trade remains dull and Easterns and Australians continue featureless.

Newcastle-upon-Tyne.—Chartering has been rather more active, and, as owners have held off the market, rates have advanced. West Italy has been based on 7s. as against 6s. 3d. in March, and rates for other directions have risen in proportion.

Cardiff.—The freight market is better. Tonnage has been scarce, and rates have improved by amounts ranging from 6d. to 1s. per ton. The improvement was most noticeable in the Mediterranean market. The tone for the nearer trades is still on the easy side.

Newport.—Freights remain at a very low level, and it is probable that the whole advantage of the shipping subsidy has been wiped out by the fall in freight rates since the beginning of the year. The number of ships laid up in the docks remains at three, and there are also two idle in the river. Liner sailings have been well maintained, and the quantities taken have been slightly better.

Swansea.—Very few orders are circulating, and the market is quiet in all directions. For the coast, tonnage is offering slowly and rates are being maintained at recent levels. For

the Mediterranean there is a slightly better enquiry and rates are a shade firmer.

East of Scotland.—There was the average number of about twenty vessels on loading turn at the Forth coaling ports at the middle of April. Trade generally continued dull at Leith docks. Coal exports decreased by 27,000 tons, but there were increases in a number of other exports. Grain imports decreased to about 60 per cent. of the quantity imported a year ago and imports of guano, cotton seed and linseed also showed considerable decreases. There was some increase in imports of foodstuffs. iron and steel, flax and hemp.

Glasgow.—The coal freight market is very quiet. There are practically no orders quoting in the Bay and the Coasting sections. Shippers are chiefly interested in tonnage for Baltic discharge, for which easy rates are indicating, owing to a plentiful supply of boats. Enquiries are circulating sparingly in the Mediterranean section, but tonnage is now offered freely and the tone is firm. Shipments of coal at ports in Scotland for the year to date compare unfavourably with the quantity dealt with in the corresponding period last year.

Foodstuffs

Liverpool, grain.—In the wheat market prices have gradually advanced with development of considerable strength towards the end of the period. Southern Hemisphere shipments during the first week in April were the largest in the season, and since January 1st have amounted to 10 million quarters, compared to just under 9 million quarters in the equivalent period last year. This is in spite of a reduction in European demand. There has developed, however, a tendency to hold back not only in Australia, where offers for forward shipment are now scarce and dear, but also among the principal shippers of Plate. Under heavy drawings the estimated Southern Hemisphere surplus is now reduced to 19 million quarters, which equals an average contribution of 495,000 quarters weekly to the end of the year, available to meet computed average weekly import requirements of 1,250,000 quarters. There is thus some ground for the doubts of the market regarding the maintenance of supplies of the cheaper grades to the end of the season. Moreover, these signs are considered favourable to the Canadian market, and a slightly better trade

has already been seen in Manitoba wheat. Western and Southern European demand has shown some improvement. Roumania has commenced moderate exports, but only out of a surplus mainly attributable to decreased home demand. Local stocks are decreasing steadily, and the general position is much healthier.

Shipments of Plate maize have fallen away latterly, but prices have been sustained owing to lack of competition. A substantial premium on old crop over new crop has developed on the belief that the latter is a record crop. No official estimates are available. At the moment there are practically no offers of old Plate, and there is likely to be a considerable depletion of stocks before new crop arrives in any quantity. The usual export from the Danube is by no means maintained, Roumanian exporters being officially advised to hold for higher prices, while exchange difficulties are an additional obstacle. Jugo-Slavian export has not developed, while the shortage of home bread grains has diverted Bulgarian maize exports. Sales of African maize are reported to Canada and offers to Great Britain have been reduced. Farm reserves in the United States have been reduced to low levels, but better pasturage may alleviate the shortage of feeding grains, although imports of some quantity will be necessary before the home crop is available. Local stocks are considerably reduced, and stand now at approximately 81,000 quarters.

Millers have gradually raised their prices for home-milled flour, but demand is only moderate. Imported flour has shown firmness after early quietness. Deliveries on forward contracts are normal and satisfactory.

Liverpool, provisions.—During the month Continental bacon has remained firm, but available stocks have been well cleared. American hams proved steady, and in the lard market business has been quiet and prices easier. The supplies of Empire butter have continued heavier, but the active consumption is large and stocks are actually less than half of those for this period last year. Continental supplies are small, Germany absorbing most of the Danish and other European makes. The demand for cheese has been disappointing. Large supplies of factory-made Cheshire and other descriptions are seriously interfering with the free sale of imported varieties. In the canned goods section, both meats and fruits have proved steady and have shown no perceptible change in value.

Fishing

Brixham.—Weather conditions favoured sail-trawling during March, and landings were brought well up to average. Demand was steady and prices generally were unchanged.

Lowestoft.—Total landings of wet fish by British vessels in England and Wales during March amounted to 53,000 tons valued at £956,000. This compares with 43,000 tons valued at £827,000 in February and 54,000 tons valued at £1,070,000 in March last year. The quantity of cod landed decreased by 1,800 tons, valued at £35,000, and plaice showed a decrease of 90 tons, worth £10,000. There were increases in the quantities of three other of the principal food fishes, namely, haddock, hake and soles. The changes noted in the supplies of cod, plaice and haddock reflect a change in the venue of fishing to a new area off the Norwegian Coast. The passing of the Herring Industry Act, the appointment of a strong Herring Board and the clearance of the 1934 stock of pickled herrings have created confidence in the prospects of the herring industry for the coming season.

Penzance.—The mackerel fishing during the past month has shown a decided improvement. Some nice catches have been taken, but prices have been inclined to fall. Cornish long liners have been adversely affected by the bad weather and have not been able to put in full time. Earnings have been from £74 down to £25 per week. There has been a very keen demand for ray and skate.

Scotland.—The winter herring fishing is now practically over and only occasional small "shots" are coming into the East Coast ports which are making good prices. Weather conditions have militated against the line fishing, where landings have been light and prices generally firm.

Other Industries

Carpet-making.—Kidderminster reports that certain qualities such as Axminster breadth goods and seamless squares are in great demand, but except for a few special grades Wiltons are not in much demand. Considering the tremendous increase in exports from India and Belgium, it is surprising that British carpet manufacturers are able to hold their own. Were it not for the demand, owing to the number of new

houses being built, and also to the boom in trade in Australia, this increasing number of imports would seriously affect the British manufacturers. It is felt locally that unless the Import Duties Advisory Committee increase the duty on Belgian carpets there is certain to be more intensive competition from that country owing to the devaluation of the belga. The restrictions in Holland and Denmark, owing to the Quota System, very seriously handicap trade in those countries. Trade with New Zealand remains good.

Pottery.—Longton reports that many firms were busy during April with the manufacture of Jubilee ware, but general home trade continues quiet. The export figures for March and the first quarter of the year both show encouraging increases over the corresponding periods last year. The increase has been almost entirely in the trade with the Dominions.

Paper-making and Printing.—The Edinburgh paper-making trade continues moderately active. From the makers' point of view, however, prices are still unremunerative, and until general conditions improve still further there does not appear to be much prospect of any increase. The printing trade has enjoyed considerable activity, but this is usual at this season of the year when book publishing is at its height. There has also been a satisfactory influx of commercial work.

Timber.—Hull reports that demand is better. Stocks in the port are still heavy, but several sizes are very scarce. Further Government modification of the Russian contract is not anticipated, and inland merchants are concentrating on their f.o.w. purchases. White wood is a weak market, but attractive prices for the Russian stocks are creating a demand, particularly from the shipyards.

At Newport pitwood imports for March averaged 3,200 loads per week, against 4,200 loads in February and 4,500 loads in March last year. For the first quarter of 1935 imports amounted to 42,000 tons, against 38,000 tons for the corresponding period last year. Other timber imports for the quarter amounted to 2,000 tons only, the same as in the corresponding quarter of last year, but 6,000 tons less than in the last quarter of 1934.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Normal rains were needed during April and May to permit of seeding and to promote the growth of winter fodder. Otherwise conditions in early April were satisfactory in most districts, except the pastoral areas of Western Queensland. There was no marked change in trade during March, but the small advance in wool and wheat prices and the slight recovery in butter were beneficial, and exports increased while imports contracted between January and February. As a result the favourable trade balance rose from £1·4 millions sterling in January to £3·0 millions sterling in February. The favourable trade balance for the eight months to February 28th last was £9·2 millions, while for the eight months ended February 28th, 1934, it was as high as £32·7 millions.

Canada

From the Imperial Bank of Canada

Trade has resumed its upward trend during recent weeks, and the first quarter of 1935 recorded an improvement of 13 per cent. compared with the first quarter of 1934. Car-loadings, bond yields, bank clearings and wholesale prices are all better. The wheat market has strengthened owing to the recurrence of dust storms in the United States. The Canadian Government's restriction of exports to maintain prices is meeting with some criticism from the grain interests on the ground that it hampers marketing and is disturbing some of Canada's important world connections. Prices of livestock and farm products generally have improved again, and they should help to revive rural purchasing power. There is a marked recovery in the construction industry. Contracts awarded during the first quarter of 1935 totalled nearly $30 millions, showing substantial increases over recent years. Electric power consumption is also expanding, and most central electric stations now report that their output has reached record levels. Newsprint production is not quite so high as a year ago, but exports of wood pulp have increased and exports of planks and

boards, though lower than a year ago, have increased during the past few months. Foreign trade generally is satisfactory. Exports continue to expand, and on the import side there is a good balance between raw materials and finished products.

India

Bombay.—The March decline in American raw cotton prices took the Bombay markets by surprise, but by the end of the month Indian cotton prices had become adjusted to those quoted for American cotton. Exporters made some purchases of Fine Bengal and Broach descriptions against sales to the Continent and Japan, but the local mills only took small quantities. Many spinners were able to make seasonal sales after the Holi holidays, but prices were unsatisfactory. In the piece-goods trade bazaar merchants have been unsettled by the fall in cotton prices, and sellers consequently predominated over buyers. Business has been very limited, and the usual demand after the Holi Festival did not materialise. Japanese goods were only absorbed in moderate quantities, and importers were inclined to press goods on the market. Heavy arrivals were expected during April, as the first " piece-goods year " under the Indo-Japanese Trade Agreement terminated in March. Demand for local goods has been poor.

Calcutta.—Business in loose jute has been quiet and limited. The baled jute market has also been quiet, with shippers only interested in small parcels for near shipment. The tea market is closed.

Rangoon.—Business in rice during March was probably smaller than it has been in March of any year. Paddy prices were forced up in January to an unusually high level, and although the demand has since receded, paddy prices are still entirely out of parity with white rice prices, or indeed with the prices which the consuming markets can pay. Millers consequently are unable to sell at consumers' or shippers' prices, and either paddy prices must drop much further or white rice prices must improve before business can regain its normal proportions.

In the timber trade, there is a definite improvement in demand from Europe. Several large Indian railway tenders for squares have come forward, and the fall in scantling prices appears to have been arrested.

Irish Free State

The Department of Agriculture reports that March was favourable for field work. Spring wheat was sown extensively, and good progress was made with the sowing of oats and barley and the planting of second early potatoes. Ploughing of land for root crops and main crop potatoes was also well advanced. Supplies of fodder, grain and roots are now adequate to carry stock until grass becomes available. Live-stock remained in good condition. At the fairs there was a steady demand for store cattle and also for fat cattle licensed for export, but trade in other classes was slow. The crop of lambs has been well above average. The number of pigs on offer was about normal. Breeding stocks continue to increase.

France

From Lloyds & National Provincial Foreign Bank Limited

The trade returns for the first quarter of the current year are now available. The results obtained and summarised below show a further decline as compared with the same period of the previous year :—

First quarter of	1934 Frs. mill.	1935 Frs. mill.	Difference Frs. mill.
IMPORTS—			
Foodstuffs	2,019	1,620	– 399
Raw Materials	3,465	2,858	– 607
Manufactured Articles ...	1,169	932	– 237
	6,653	5,410	– 1,243
EXPORTS—			
Foodstuffs	631	623	– 8
Raw Materials	1,321	1,132	– 189
Manufactured Articles ...	2,561	2,303	– 258
	4,513	4,058	– 455

It will be seen from the above figures that the total of foreign trade, both imports and exports, for the first quarter of 1935 amounted to Frs.9,468 millions, compared with Frs.11,166 millions for the corresponding period of 1934. This represents a decrease of Frs.1,698 millions. Imports have fallen by Frs.1,243 millions, but exports show a decline of only Frs.455 millions. All categories are affected, the main drop still being in imported raw materials.

Since imports have shrunk more than exports, the adverse visible trade balance of Frs.1,362 millions for the quarter under review shows an appreciable drop compared with the corresponding period of 1934 when the figure was Frs.2,140 millions.

Railway receipts continue to show a falling-off compared with a year ago. A summary of the returns for the six principal companies for the first twelve weeks of 1935 is given below in millions of francs :—

	1935 (to March 25th) Frs. mill.	Comparison with 1934 Frs. mill.
Alsace-Lorraine	153	— 21
Est	285	— 57
Etat	329	— 37
Nord	335	— 56
Orléans and Midi	406	— 71
P.L.M.	585	— 85
	2,093	— 327

Gross receipts have thus fallen by Frs.327 millions or by 13·5 per cent. as compared with the first twelve weeks of 1934.

On April 6th, the official number of unemployed was given as 475,437. This brings the total decrease since the end of February up to 28,000. The total, however, shows an increase of 129,106 or 37 per cent. compared with the figure published at the same date a year ago.

Two events have lately overshadowed the stock market, these being the attitude of Germany in regard to the military clauses of the Treaty of Versailles, and the devaluation of the belga. Their effect has been to change entirely the trend of affairs. Rentes have had a sharp set-back of, roughly, three points, while Suez Canal shares, on the other hand, have risen by no less than 1,500 francs. All the chemical industry and armament shares have shown important rises. Nervousness regarding the Dutch florin has led to large purchases of Dutch shares, Royal Dutch and Shell being in great demand. The general uncertainty has favoured gold mining shares. In spite of these movements, open positions remain comparatively unimportant, and just before Easter the market was technically in a healthy condition.

Bordeaux.—Quotations in the wine trade are being maintained with an upward tendency, this being due to damage done to the vines by frost during early April. Business remains

very quiet. The resin market is firm, and the price of turpentine has hardened. Stocks are not excessive.

Le Havre.—Cotton prices continued to sag during March owing to the uncertainty of the American Government's plans regarding the continuance of the 12-cent loan. Demand from the French mills continued poor, and was limited to small deliveries. The position of the spinning industry is again giving serious cause for anxiety. Coffee prices have also continued to fall and in early April were barely steady round about Frs.110 per 50 kilos. This constituted a fresh low record. Several small shipments were arranged on this basis, but trading continues most unsatisfactory. During March local stocks awaiting clearance through Customs fell from 550,000 to 460,000 sacks, or to about two months' normal supply.

Lille.—Business in the cotton trade remains quiet, but prices are firm. During March large and remunerative sales were made to Germany, but at the end of the month these were suddenly stopped by the French Government's decree of March 27th, which temporarily prohibited further cotton exports. Nevertheless, stocks of yarn have been considerably reduced. The linen trade is also very quiet. The Soviet price for flax is still £55–£56 gold per ton f.o.b. Leningrad, but French buyers are refusing to pay this price, as Belgian and home flax is £10 per ton cheaper. Lithuanian and Polish flax is also cheaper. A large quantity of yarn has been sold to Germany, but stocks are still heavy. A portion of spinners' stocks has been sold to weavers, but deliveries are continually being postponed owing to poor trade, and much short time is being worked. The situation in the jute trade is healthy. Stocks afloat have been disposed of, prices have risen and there is more activity in the weaving section.

Marseilles.—The duties on foreign ground-nuts have just been doubled, and early in April the new rates were expected to come into force at any moment. Prices of French Colonial ground-nuts have consequently risen, while demand for foreign nuts was confined to immediate and near deliveries, which were unaffected by the new law. An increase in the copra duties has also been proposed, but it was rumoured that it would only affect copra used for edible products and not copra used in soap-making. This uncertainty has disturbed the market. Olive oil prices remained very low, and quotations for com-

mercial qualities were little higher than those for ground-nut oil. Business has been quiet.

Roubaix.—Towards the end of March heavy purchases of tops were made for German account and it is estimated that they amounted to over one million kilos. Very high prices were paid, as settlement for these wools will have to be made through the Franco-German clearing, and sellers may have to wait months before they get their money. Other commodities in this country were also bought heavily by the Germans. The transactions were very effectively stopped by an embargo placed by the French Government at the end of March on the exportation of certain goods including tops. Since then the market has been quiet, as business for home account is not active. Nevertheless, prices remain very firm and those for options have improved by 10 per cent. as compared with a month ago. There is a fair demand for noils. The combing section shows little change, but the position of the spinners will be certainly worsened by the devaluation of the Belgian currency which will close another market to French tops. The manufacturing section continues depressed, but retail stocks in France are now possibly lower than they have ever been. Stocks of raw wool and tops in Roubaix-Tourcoing fell last month by Kilos.1,200,000, and are now only Kilos.12,684,000. Stocks of merino wool are lower now than they have been since 1927. Employment has improved slightly during the past month.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—The devaluation of the belga has been an event that has had its effect far beyond the frontiers of Belgium, but it is still too early to gauge the repercussions that the change is likely to bring in the industrial and commercial life of the country. The immediate result was that prices of international securities and the principal commodities moved upwards. An enormous activity in stocks and shares of all kinds followed, but the speculative fever did not last long and only Government bonds continue to maintain their new values. There has been a large volume of buying of certain commodities, such as wool, in which there have been numerous transactions, both spot

and forward, at rising prices. Retail trade is very brisk and old stocks are disappearing rapidly.

Brussels.—The iron and steel market has improved. Export business is quieter, but a fair number of orders to cover seasonal requirements have come forward from the chief consuming centres. All orders are being centralised at "Cosibel," and this institution recorded during the first week of April sales exceeding 40,000 tons. Orders for 38,000 tons, including 28,000 tons of finished products, were passed on to the various works, while on April 7th over 101,000 tons remained to be specified. March steel production amounted to 246,268 tons, against 229,386 tons in February, and 252,663 tons in March, 1934. Considerable interest has been taken in the negotiations between British and Continental steel manufacturers. It is admitted that Great Britain had the right to increase her tariff, but apart from the possibility of retaliation, if the demand for Belgian semi-finished products was checked, Belgium would have to find fresh openings for finished steel. The prosperity of the steel industry is of vital importance to Belgium, and it is hoped that satisfactory arrangements will be reached with Great Britain.

The coal trade is mainly unchanged. There is a seasonal decline in the demand for house coal, but industrial fuel is selling better along the frontier, as foreign coal has now to meet the devaluation of the belga. Imports of German coal, however, are being maintained, as the German Government is helping to meet the new loss on exchange. Coal prices were not increased on the devaluation of the belga. It was decided to leave industrial coal prices unchanged for one month and house coal prices unchanged for three months.

Germany

Germany seems to have experienced the normal seasonal increase in business activity during March. The number of unemployed, as officially reported, declined from 2,764,200 at the end of February to 2,347,800 at the end of March. Car-loadings rose from 107,400 per day in February to 117,200 per day in March. The amount of currency in circulation increased from Rm.5,718 millions to Rm.5,836 millions. Coal production remained above the level of a year ago. The output of pig-iron in March, including 146,000 tons from the Saar, was 808,800

tons, as compared with 1,000,300 tons in February. Wholesale prices show scarcely any change on the month, but quotations of industrial securities have registered a slight rise.

Holland

The devaluation of the belga came as a shock to Holland in more ways than one. The port of Rotterdam has been hard hit, as Antwerp now enjoys a much more favourable position, and the Dutch Government is being pressed to render assistance. It also remains to be seen how the new trade agreement between Holland and Belgium will be affected. Finally, the devaluation of the belga has aroused doubts as to whether Holland herself will remain on gold. In consequence there have been heavy sales of Dutch guilders, principally for sterling and dollars, but also for French francs, accompanied by a weakening of the exchange rates and heavy gold losses. During the fortnight ended April 8th when the pressure was most acute, the Netherlands Bank's gold stocks were reduced from Fl.812·6 to Fl.674 millions, and its gold cover from 79 to 71 per cent. The minimum legal cover is 40 per cent., so that there remains a large margin in hand. To defend its position, the Netherlands Bank raised its rate in two steps from 2½ to 4½ per cent., and the private discount rate strengthened in sympathy from 1⅛ to 3⅞ per cent. Much of the speculation against the guilder consisted of forward sales of guilders. These guilders will have to be bought in by the speculators in three months' time, and by then there should also be a fair commercial demand for guilders, as exports from Holland and the Dutch East Indies generally reach their peak in the spring. This should ease the position both of the exchanges and the money market.

The clearing agreement with Germany continues to work badly. Since it came into force, new claims amounting to Fl.25·5 millions have developed against Germany. To enable these arrears to be overtaken, Dutch exports to Germany are now being restricted. This has come as a serious blow to the Dutch East Indies tobacco trade, where the sales have now started, and lower prices are being realised than a year ago.

Recent reports of Dutch industrial undertakings are not unsatisfactory. In some cases an encouraging degree of activity is reported, and this is in part attributed to the import quotas. Unemployment is no better. News from the Dutch East Indies

is in some respects a little better. Sugar is selling in increasing quantities at higher prices. Rubber is feeling the stimulus of the restriction schemes. Palm oil is stronger. As regards tin, the cost of production has fallen enough to keep pace with the recent depreciation of sterling, and a further drop in the cost of production is anticipated. The general impression is that the difficulties of the Dutch East Indies are being slowly overcome, and this should help to improve the position of Holland herself.

Norway

The foreign trade returns for March are summarised below :—

	March		First Quarter	
	1934 Kr. mill.	1935 Kr. mill.	1934 Kr. mill.	1935 Kr. mill.
Imports	69·6	64·7	181·6	176·4
Exports	50·6	50·8	145·3	149·3
Import Surplus ...	19·0	13·9	36·3	27·1

The general position is better than in 1934, and the adverse trade balance has fallen from Kr.36·3 to Kr.27·1 millions. The volume of laid-up tonnage increased during March from 591,733 to 614,200 tons d.w., but the last figure compares favourably with the total of 660,594 tons d.w. on April 1st, 1934. Some nervousness is felt at the outcome of the new British subsidy policy, especially as Norwegian shipping is unsubsidised. British tonnage is also replacing Norwegian tonnage in trade with Russia.

Wholesale prices rose from 125 to 126 (1913 = 100) during the month ended March 15th, but by April 15th the index figure had returned to 125. The February index number of production was 115, compared with 104 in January, and 106 in February, 1934. The first half of 1933 is taken as 100. Unemployment in March amounted to 41,631, against 41,653 in February and 42,000 in March, 1934. The wage negotiations referred to in the previous issue of the REVIEW have now reached a satisfactory conclusion. The wage-scales now in force are to be prolonged, with only minor changes, until April 1st, 1937.

As a result of prolonged negotiations 64,000 tons of whale oil have been sold to Germany at £15 per ton for No. 1 oil, April–June delivery. The oil will be paid for through the German-Norwegian clearing in the usual way, and the

Norwegian Government has guaranteed 75 per cent. of the amount due, subject to a maximum limit of Kr.15 millions. 12,500 tons of oil have been sold to Messrs. Unilever, Limited. This sale completes the disposal of this season's production. Notwithstanding Norwegian legislation enforcing restriction of production upon Norwegian whaling companies and voluntary restriction by a number of foreign companies, the current season's production is estimated at about 2,500,000 barrels, or 100,000 barrels more than last season's output. Some limitation of whaling is thought to be necessary, and it is hoped that Great Britain will adhere to a convention limiting catches.

Sweden

The Swedish foreign trade balance has lately tended to become more adverse, and in the first quarter of 1935 it amounted to Kr.72·7 millions, against Kr.49·5 millions a year ago. Partly this increase is due to heavy imports of motor cars and parts, machinery and metals, but Swedish export prices have also fallen in some respects during the past year.

Timber sales up to the middle of April last only amounted to 300,000 standards, compared with 560,000 standards a year ago. Importers in consuming centres have in certain cases become overstocked, and the Anglo-Russian agreement is beginning to affect Sweden, especially as the Russians have made considerable reductions in the prices of white woods. Sweden has recently sold timber to Belgium and Holland, but business with England and France has been below normal.

In the paper pulp trade, the European sulphite organisation has reduced quotation to American buyers, and have raised prices on the European market. One consequence of this readjustment has been the receipt of a number of new contracts from the United States, mostly for delivery during the current year, but including some orders for 1936 delivery. A new agreement has been reached between the leading wet mechanical pulp producers in Sweden, Norway and Finland, the object being to limit production in conformity with probable exports. No attempt is being made to regulate prices, but it is hoped that an improvement will follow the proposed limitation of production. The paper market remains dull, and apart from some sales of newsprint to the United States business remains small. The mills, however, are well provided with orders for

the current year. " Kraft " paper sales are well maintained. In view of the devaluation of the belga, " Scankraft " has fixed all prices in sterling for sales to Belgium, Holland, France, Italy, Austria, Hungary, Jugo-Slavia, and the Dutch East Indies. Makers of sulphite paper are trying to bring about more stable conditions, and are therefore refusing at present to quote firm for late delivery.

Denmark

The balance of payments for 1934 shows a net deficit of Kr.29 millions. The import surplus amounted to Kr.120 millions, interest payments to foreign creditors came to Kr.110 millions. Against this there were net shipping earnings of Kr.171 millions. Tourist income and expenditure cancelled out at Kr.20 millions on each side, and there were several minor items which made the final balance Kr.29 millions. Capital movements out of the country during the year came to Kr.92 millions, and included Kr.40 millions repayment of debt, and Kr.52 millions purchase of securities and other investments from abroad. Capital movements into the country came to Kr.58 millions, consisting of Danish sales of securities and foreign investments in Denmark. The net outflow of capital was therefore Kr.34 millions. During 1934, the net external indebtedness of Denmark was increased from Kr.1,382 to Kr.1,522 millions. This increase was mainly due to the net depreciation during the year of the kroner against the dollar and the gold currencies, for part of Denmark's external debts are expressed in dollars or gold currencies.

The labour dispute, noted a month ago, remains unsettled, but it is still generally expected that a cessation of work will be avoided. The mediation proposals put forward by the State Conciliators are supported by the leading men among the workers, and it is hoped that a one-year or even a two-year agreement will soon be reached. Between March 22nd and April 12th unemployment fell from 91,201 to 78,607. Unfavourable developments are an increase since the New Year from 36,000 to 101,500 tons in the quantity of laid-up tonnage; and a widening between February and March of the margin between import and export prices. The import price index fell from 139 to 136, while the export price index fell from 117 to 109. Bacon has been firm, but butter has weakened owing

to the glutting of the English market and a reduction in exports to Germany and Belgium.

The following table shows the foreign trade returns for the first quarter of the year :—

	1934 Kr. mill.	1935 Kr. mill.
Imports	301·7	332·5
Exports	273·0	297·3
Import Surplus	28·7	35·2
Exports of:—		
Butter (tons)	36,301	33,658
Eggs (1,000 scores)	14,443	14,963
Bacon (tons)	55,652	50,616

Exports of eggs have increased, but those of butter and bacon are less than a year ago.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

Early April witnessed considerable activity in the exchanges and on the Bourses due to apprehensions that other members of the gold *bloc* might follow the example of Belgium's devaluation. Speculators were quick to take advantage of this, and made a determined assault against the Swiss franc. Heavy forward selling of francs took place and at one time the discount for three months was quoted up to 30 per cent. A week before Easter deals were being done at about 10 to 12 per cent. discount, but counter-parties were very difficult to find, and the tendency was to discourage speculation. During the early part of April very heavy sales of Swiss Government bonds were also made, losses of about 7 to 10 per cent. being recorded. Sales have now fallen off, but prices remain low. Most of the selling appears to have emanated from abroad, and local banks reported few sales from home customers. The same applies to the large sales of francs.

Between March 23rd and April 6th gold holdings of the Banque Nationale Suisse decreased by 195 millions of francs and sight liabilities by 204 millions, whereas notes in circulation increased by 35 millions. Even after the above changes the gold cover to sight liabilities stood at 93·41 per cent., gold resources totalling 1,600 millions. The Council of the National Bank has again during early April reaffirmed its intention of maintaining the existing gold parity of the franc.

Spain

The Finance Minister announces that an issue of Ptas.600 millions of 4 per cent. Treasury Bonds maturing in four years will be made on April 25th, when the two-year Bonds issued at 5 per cent. in April, 1933, will be converted or repaid. The reduction in the rate of interest on this operation is regarded as a satisfactory step in the Government's policy to cheapen money with a view to an ultimate conversion operation.

The favourable tendency of foreign trade in January was maintained to the end of February, when exports at Ptas.101·92 millions showed an increase of Ptas.6·5 millions over the corresponding figures for 1934, while imports at Ptas.135·5 millions, registered a decrease of Ptas.2·4 millions.

Government intervention in the wheat market has for some time been under consideration, and a serious break in prices is feared if prompt action is not taken. For some years the Government has by means of tariffs made the home market secure for the growers, and a tendency towards over-production became pronounced under the stimulus of an officially fixed price. In the absence of an organised forward market in wheat, prices have always been disturbed by selling pressure after the harvest, but in view of the present surplus and the prospect of an excellent crop this year, it is thought that any measure short of control of acreage sown would only serve as a temporary palliative.

Morocco

From the Bank of British West Africa Limited

Apart from a short revival about the middle of March in lines of native consumption, due to the Aid El Kebir feast, business in general remains of small dimensions. The position has not been improved by the uncertainty arising from the marked deficiency in the rainfall and the reduction in the size of crops, which is expected to follow. The outlook for the crops has been further affected by severe " Sirocco " winds inland, and spot prices of local products have risen. The export of early vegetables to France (a relatively new and encouraging business) continues on an active scale.

The United States

The National Recovery Administration is now undergoing examination. The Administration at present seems disinclined to have the constitutionality of the National Industrial Recovery Act determined by the Supreme Court, for recently a case, which was considered suitable as a test, was withdrawn by the Department of Justice. Early in April a new bill was introduced in the Senate, for the purpose of bringing the N.R.A. legislation into a form which might prove more acceptable to the courts. A feature of the new bill is the limitation of the N.R.A. codes to inter-State commerce. The main difficulty over the enforcement of the codes in the past has been the endeavour to make them effective in intra-State business, over which the Federal Government has no constitutional control.

Retail trade in March showed a considerable expansion. Car-loadings were also encouraging, and automobile production reached a very high figure. Commodity prices were firmer. The labour outlook, however, has been very uncertain, and the apparent improvement in trade may have, in reality, consisted of advance buying in anticipation of possible labour disputes. The international monetary outlook, and, in particular, the creation of numerous competing exchange stabilisation funds is also viewed with some disquietude.

In the sugar trade, reports from Cuba state that the season's grinding is nearly complete. By the end of March about 2,224,000 tons of raw sugar, or nearly 97 per cent. of the decreed crop of 2,315,000 tons had been produced. It therefore seems likely that a considerable quantity of excess sugar will have to be dealt with later on. Offerings of raw sugar have recently been light, and the market has shown some strength. Early in April the New York spot price was $3.20 per 100 lbs., while refiners had advanced their basic quotation for granulated sugar to 4½ cents per lb. The processing tax raises the price to 4·9 cents per lb.

Business in pig-iron is dull, but there is no serious accumulation of stocks. During March the number of furnaces in operation rose from 96 to 98. Output amounted to 1,770,028 tons, against 1,608,552 tons in February. Steel mills operated during the first week of April at 43·8 per cent. of capacity, compared with 47 per cent. a month before. March steel production averaged 108,873 tons a day, against 114,255 tons

in February. The industry is thought to be dependent upon the maintenance of activity in the automobile industry, about which there is some doubt.

The raw cotton markets rallied towards the end of March after the previous fall in prices, but trading is still at the mercy of developments in Washington. Cotton planting has already made good progress, and private estimates of the new season's acreage vary from 30·7 to 33·8 million acres. The American cotton textile industries are still experiencing unsatisfactory conditions. Home cloth sales are only 50 per cent. of current production, orders for future delivery are becoming exhausted, and stocks in manufacturers' hands are accumulating.

Japan

The trade returns for March are summarised below :—

	March, 1934	Feb., 1935	March, 1935
	Yen mill.	Yen mill.	Yen mill.
Imports	206	253	220
Exports	175	178	215
Import Surplus	31	75	5

The import surplus for the first quarter of 1935 was Yen 148 millions, or 126 per cent. greater than the import surplus for the first quarter of 1934.

Cotton yarns have eased in price in sympathy with the March fall in American cotton. Rayon business is stagnant and the raw silk market remains steady. Net profits in cotton mills for the last half of 1934 totalled Yen 37 millions, on an authorised capital of Yen 549 millions. Compared with the previous six months, profits rose by Yen 1 million and capital by Yen 11 millions. Dividends were reduced from 12·7 to 12·2 per cent. This was due to the rise in the price of Indian cotton during the latter part of the year, while the completion of the plans for the increase in the number of spindles in the large mills had an unfavourable effect upon the smaller mills' business in medium and coarse counts.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1929	361·8	11·0	235·2	9·0	4·8	260·0	153·3
,, ,, 1930	352·3	11·0	233·0	11·5	4·5	260·0	155·1
,, ,, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
,, ,, 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
,, ,, 1933	367·1	11·0	249·9	10·5	3·6	275·0	171·8
,, ,, 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
,, ,, 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
April 17, 1935	392·4	11·0	246·9	0·2	1·9	260·0	192·6
April 24, 1935	393·2	11·0	246·9	0·2	1·9	260·0	192·6

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1929	19·7	58·2	36·4	50·6	13·0	17·1	51·9	45·4
,, ,, 1930	18·8	54·9	35·9	44·8	6·1	13·3	63·7	58·1
,, ,, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
,, ,, 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
,, ,, 1933	21·2	92·8	35·0	57·7	11·8	17·2	80·6	54·0
,, ,, 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
,, ,, 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
April 17, 1935	9·1	100·3	39·4	90.0	5·9	10·0	60·6	40·7
April 24, 1935	7·6	98·1	39·6	87·7	5·8	9·6	59·9	41·1

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Acceptances, Guarantees, etc.	Cash.	Balances and Cheques.	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1925	1,643·5	113·9	190·2	51·1	111·7	205·1	299·4	857·1
,, 1929	1,776·6	222·1	187·8	52·7	136·1	216·6	258·9	995·9
,, 1930	1,719·3	159·3	184·4	51·3	134·7	183·6	240·4	990·8
,, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
,, 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
,, 1933	1,925·2	95·8	207·0	40·1	108·7	348·1	510·2	766·2
,, 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
Feb. 1935	1,954·1	117·9	213·2	43·6	127·0	264·9	606·4	755·7
March 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing.	Metropolitan Clearing.	Country Clearing.	Total.
	£ mn.	£ mn.	£ mn.	£ mn.
1925	35,801	1,678	2,958	40,437
1929	39,936	1,882	3,079	44,897
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1934 to April 25	10,590	566	960	12,116
1935 to April 24	10,315	600	1,001	11,916
1934—April (4 weeks) ...	2,340	135	228	2,703
1935—April (4 weeks) ...	2,379	144	238	2,761

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1925.	Mar., 1929.	Mar., 1931.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Feb., 1935.	Mar., 1935.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham	11·3	11·9	9·5	9·0	9·7	11·3	10·1	9·6
Bradford	—	5·9	3·3	3·4	3·3	4·2	3·8	3·8
Bristol	5·1	5·3	6·0	4·9	5·0	5·4	3·8	4·9
Hull	4·8	4·0	3·1	3·0	3·2	3·2	3·1	3·2
Leeds...	4·5	4·4	3·5	3·8	3·8	4·4	3·8	4·3
Leicester	3·6	3·6	2·9	3·1	3·1	3·3	2·8	2·8
Liverpool	42·5	34·2	24·7	25·6	25·6	26·8	26·0	25·8
Manchester	77·4	58·0	41·9	42·5	42·1	46·1	43·3	42·8
Newcastle-on-Tyne ...	7·8	6·5	6·0	5·7	6·5	6·9	6·7	5·5
Nottingham	2·3	2·8	1·9	1·9	1·9	2·0	1·9	2·0
Sheffield	5·0	4·6	3·5	3·3	3·5	3·6	3·9	3·4
	164·3	141·2	106·3	106·2	107·7	117·2	109·2	108·1

LONDON AND NEW YORK MONEY RATES

		London.					New York.		
		Bank Rate.	Treasury Bills. Tender Rate.	Treasury Bills. Market Rate.	3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call Money.	Accept-ances.
		Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March,	1925	5	4 1/16	—	4 1/8–4 3/16	3 1/2–4 1/2	3 1/2	3 1/2	3 1/8
" "	1929	5 1/2	5 1/16	5 1/8	5 3/16–5 1/8	4 1/2–4 3/4	5	15	5 1/8
" "	1930	3 1/2	2 1/8	2 3/16	2 3/16–2 1/8	2 1/2–2 3/4	3 1/2	3 1/2	2 3/8
" "	1931	3	2 1/16	2 3/16–2 1/8	2 3/16–2 1/8	2–2 1/2	2	1 1/2	1 1/8
" "	1932	3 1/2	2 3/16	1 1/8	2 1/8–2 1/4	2–3	3	2 1/2	2 1/8
" "	1933	2	1/16	3/16–1/8	1/8	1/2–1	3 1/2	3	2 1/8
" "	1934	2	1/16	1/16	1/16	1/2–1	1 1/2	1	1/8
Mar. 20th,	1935	2	1/8	1/8	1/8–3/16	1/2–1	1 1/2	1	3/16
April 24th,	1935	2	1/8	1/8	1/8–3/16	1/2–1	1 1/2	1/2	3/16

FOREIGN EXCHANGES

London on	Parity (prior to Sept. 21, 1931.)	1933.	1934.	1935.			
		April 26.	April 25.	April 3.	April 10.	April 17.	April 24.
New York—							
(a) Spot ...	$4·866	3·79 1/8	5·14	4·81 1/2	4·84 1/8	4·85	4·83 11/16
(b) 3 Months	—	4 1/2c. dis.	3/16c. dis.	1/2c. p.m.	1/2c. p.m.	1/2c. p.m.	1/2c. p.m.
Montreal ...	$4·866	4·39 1/8	5·12 1/2	4·84 1/2	4·85 1/2	4·86 1/2	4·86 1/2
Paris—							
(a) Spot ...	Fr. 124·21	87 3/16	77 1/16	72 1/16	73 3/16	73 5/16	73 1/16
(b) 3 Months	—	25c. dis.	34 1/2c. dis.	56 1/2c. dis.	65c. dis.	54c. dis.	47 1/2c. dis.
Berlin—							
(a) Official ...	Mk. 20·43	15·02 1/8	13·04 1/8	11·96 1/8	12·03	12·05	12·02
(b) Registered Marks	—	—	39 1/4% dis.	42% dis.	42 1/4% dis.	43 1/4% dis.	43 1/4% dis.
Amsterdam ...	Fl. 12·11	8·56 1/8	7·56 1/8	7·14	7·17 1/8	7·19	7·16
Brussels ...	Bel. 35	24·64 1/8	21·90	28 1/16	28 1/16	28·66	28·57
Milan	Li. 92·46	66 3/16	60 3/16	57 1/16	58 1/8	58 7/16	58 1/8
Zurich... ...	Fr. 25·22 1/8	17·84 1/8	15·80 1/8	14·86	14·96	15·00	14·95
Stockholm ...	Kr. 18·16	19 1/16	19·40	19·39 1/8	19·39 1/8	19·39 1/8	19·39 1/8
Madrid ...	Ptas. 25·22 1/8	40 5/16	37 7/16	35 3/16	35 7/16	35 1/8	35 1/8
Vienna ...	Sch. 34·58 1/8	33*	28*	25 1/8	25 1/8	25 1/8	25 1/8
Prague... ...	Kr. 164 1/2‡	115 1/8	123	114 1/16	115 7/16	116 1/16	115 1/8
Buenos Aires ...	47·62d.	41†	36 1/16†	15 1/16§	15 1/16§	15 1/16§	15 1/16§
Rio de Janeiro	5·89d.	5†	4 1/16†	4 5/16†	4 1/16†	4 1/16†	4 1/16†
Valparaiso ...	Pes. 40	63·00†	50·00†	115·00‖	117·00‖	117·00‖	117·00‖
Bombay ...	18d.	18 1/16d.	18 1/16d.	18 1/16d.	18 1/16d.	18 1/16d.	18 1/16d.
Hong Kong ...	—d.	16d.	17d.	24 7/16d.	24 7/16d.	25 1/16d.	27 1/16d.
Kobe	24·57d.	1/3 3/16	1/2 5/16	1/2 7/16	1/2 7/16	1/2 5/16	1/2 1/8
Shanghai ...	—d.	14 1/8d.	15 1/8d.	18 1/16d.	18 1/8d.	19 1/8d.	20d.
Gold price ...	per oz.	121s. 0d.	135s. 6 1/8d.	145s. 7 1/8d.	143s. 6d.	143s. 4d.	143s. 8 1/8d.
Silver price ...	per oz.	18 1/8d.	18 1/8d.	28 1/8d.	28 1/16d.	30 1/8d.	32 1/16d.

* Nominal. † Official Rate. ‡ Kr.197·10, since devaluation of Kroner on February 17th, 1934.
§ Prior to January, 14th, 1935, rates represent pence per gold peso, henceforward paper pesos to the £.
‖ Revalued on January 1st, 1935; export rate.

PUBLIC REVENUE AND EXPENDITURE

	1931–32.	1932–33.	1933–34.	1934–35.	1934–35 to April 21.	1935–36 to April 20.
REVENUE—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Income Tax	287·4	251·5	228·9	228·9	8·8	8·2
Sur-Tax	76·7	60·7	52·6	51·2	2·4	1·9
Estate Duties	65·0	77·1	85·3	81·3	4·1	6·2
Stamps	17·1	19·2	22·7	24·1	0·2	0·4
Customs	136·2	167·2	179·2	185·1	9·9	9·6
Excise	119·9	120·9	107·0	104·6	7·3	7·1
Motor Vehicle Duties (Exchequer Share)... ...	5·0	5·0	5·2	5·1	0·5	0·4
Other Tax Revenue	3·2	3·1	2·6	3·1	0·1	0·1
Total Tax Revenue	710·5	704·7	683·5	683·4	33·3	33·9
Post Office	11·5	10·9	13·1	12·3	2·0	2·1
Crown Lands	1·3	1·2	1·2	1·3	—	—
Receipts from Sundry Loans	13·8	5·1	4·7	4·4	0·2	0·1
Miscellaneous Receipts ...	33·9*	22·9	22·1	15·1	3·5	3·1
Total Non-tax Revenue ...	60·5	40·1	41·1	33·1	5·7	5·3
Total Ordinary Revenue ...	771·0	744·8	724·6	716·5	39·0	39·2
Post Office	58·0	59·3	59·3	61·8	1·7	1·9
Road Fund	22·5	22·9	25·5	26·4	2·5	2·0
Total Self-balancing Revenue...	80·5	82·2	84·8	88·2	4·2	3·9
EXPENDITURE—						
National Debt Interest ...	289·5	262·3	212·9	211·6	22·9	22·7
Payments to N. Ireland ...	6·3	7·0	6·6	6·8	—	—
Other Cons. Fund Services...	3·1	3·3	4·1	3·6	0·2	0·2
Post Office Fund	—	—	—	2·3	—	—
Supply Services	439·2	458·3	458·8	472·2	21·0	22·1
Total Ordinary Expenditure ...	738·1	730·9	682·4	696·5	44·1	45·0
Sinking Fund...	32·5	17·2	7·7	12·3	0·2	0·3
Payments to U.S. Govt. ...	†	29·0	3·3	—	—	—
Self-balancing Expenditure (As per contra)	80·5	82·2	84·8	88·2	4·2	3·9

* Includes Appropriation from Rating Relief Suspense Account.

† Included under National Debt Interest.

PRODUCTION

	Coal.	Pig-Iron.	Steel.
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
„ 1925	243·2	6,262	7,385
„ 1929	257·9	7,589	9,636
„ 1930	243·9	6,192	7,328
„ 1931	219·5	3,773	5,203
„ 1932	208·7	3,574	5,261
„ 1933	207·1	4,136	7,024
„ 1934	221·0	5,979	8,860
Total to March, 1934	59·7	1,359	2,253
Total to March, 1935	58·1	1,557	2,369

BOARD OF TRADE PRODUCTION INDEX NUMBER
(1924 = 100)

	Complete Year.			1933.	1934.			
	1932.	1933.	1934.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.
Mines and Quarries ...	77·5	76·9	82·8	82·8	89·0	78·8	76·9	86·5
Iron and Steel ...	66·2	82·2	102·6	93·7	104·7	104·3	98·2	103·2
Non-Ferrous Metals	96·3	101·9	148·4	120·7	117·1	142·1	151·0	183·5
Engineering and Ship-building	88·6	96·0	112·1	100·4	108·1	111·8	113·1	115·2
Textiles	85·1	89·8	92·0	95·9	96·1	91·0	86·2	94·7
Chemicals	98·1	101·0	105·5	106·0	106·7	107·1	103·9	105·1
Leather and Boots ...	96·4	106·2	106·9	101·7	110·7	108·1	99·1	109·7
Food, Drink and Tobacco	97·6	99·2	104·7	102·7	99·7	107·6	104·8	106·8
Total*	93·3	98·6	110·5	105·0	110·3	110·3	106·0	116·0

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date.	1928.	1929.	1930.	1931.	1932.	1933.	1934.	1935.
End of—								
January	10·7	12·3	12·4	21·5	22·4	23·1	18·6	17·7
February	10·4	12·1	12·9	21·7	22·0	22·8	18·1	17·5
March	9·5	10·0	13·7	21·5	20·8	21·9	17·2	16·5
April	9·5	9·8	14·2	20·9	21·4	21·3	16·6	
May	9·8	9·7	15·0	20·8	22·1	20·4	16·2	
June	10·7	9·6	15·4	21·2	22·2	19·4	16·4	
July	11·6	9·7	16·7	22·0	22·8	19·5	16·7	
August	11·6	9·9	17·1	22·0	23·0	19·1	16·5	
September	11·4	10·0	17·6	22·6	22·8	18·4	16·1	
October	11·8	10·3	18·7	21·9	21·9	18·1	16·4	
November	12·2	10·9	19·1	21·4	22·2	17·9	16·4	
December	11·2	11·0	20·2	20·9	21·7	17·5	16·1	

(b) Actual Numbers Unemployed (in thousands)

	Mar., 1929.	Mar., 1931.	Mar., 1932.	Mar., 1933.	Mar., 1934.	Jan., 1935.	Feb., 1935.	Mar., 1935.
Number of Insured Persons unemployed—								
Wholly unemployed	920	1,933	2,129	2,205	1,814	1,843	1,819	1,727
Temporarily stopped	200	613	427	511	317	360	359	324
Normally in casual employment ...	84	120	104	105	94	92	94	92
Total	1,204	2,666	2,660	2,821	2,225	2,295	2,272	2,143

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended				Aggregate for 16 Weeks.			
	April 21, 1934.		April 20. 1935.		1934.		1935.	
	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.	Passengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	0·8	1·1	0·8	1·1	2·6	4·5	2·6	4·6
London & North Eastern*	1·2	2·1	1·2	2·1	4·1	9·0	4·2	8·7
London Midland & Scottish	1·9	2·6	1·9	2·8	6·2	11·3	6·3	11·3
Southern	1·1	0·4	1·1	0·4	3·9	1·6	3·9	1·5
Total	5·0	6·2	5·0	6·4	16·8	26·4	17·0	26·1

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Mar., 1932.	Mar., 1933.	Mar., 1934.	Feb., 1935.	Mar., 1935.
By CATEGORIES: Great Britain	%	%	%	%	%
Total	− 6·1	− 2·9	+ 5·7	+ 4·9	+ 0·6
Food and Perishables	− 4·7	− 2·9	+ 4·8	+ 5·2	+ 3·6
Other Merchandise of which					
Piece-goods*	−16·8	+ 0·8	− 5·1	− 5·9	− 0·7
(i) Household Goods ...	—	—	− 1·2	− 3·9	− 2·1
(ii) Dress Materials	—	—	− 6·5	− 6·8	+ 0·5
Women's Wear*	− 7·1	− 4·7	+ 6·9	+ 3·7	− 6·4
(i) Fashion Departments ...	− 8·3	− 4·0	+ 6·0	+ 7·0	− 3·1
(ii) Girls' & Children's Wear	− 4·0	−11·6	+ 9·9	+ 0·4	−14·4
(iii) Fancy Drapery	− 6·6	− 4·4	+ 9·2	+ 1·8	− 7·4
Men's & Boys' Wear	− 8·4	−10·3	+ 3·7	+11·5	− 2·6
Boots & Shoes	− 8·6	+ 2·0	+ 6·4	+ 9·3	− 9·0
Furnishing Departments ...	− 9·4	Nil	+10·3	+ 2·2	+ 1·1
Hardware	− 4·7	+ 5·7	+ 7·7	+ 2·7	− 0·9
Fancy Goods	− 5·8	− 4·6	+10·3	+ 2·4	− 3·1
Sports and Travel	− 5·8	−10·0	+15·3	+ 8·0	−14·4
Miscellaneous and Unallocated	− 5·5	− 2·8	+ 8·3	+ 4·6	+ 2·3
By AREAS—					
All Categories—					
Scotland	− 4·1	− 2·2	+ 3·3	+ 4·0	+ 2·7
Wales & North of England ...	− 5·5	− 3·5	+ 4·0	+ 5·2	+ 1·4
South of England	− 3·7	− 2·3	+ 7·4	+ 4·9	+ 1·1
London, Central & West End	−13·4	− 4·2	+ 6·5	+ 1·8	− 6·9
London, Suburban	− 6·4	− 1·7	+ 7·9	+ 7·0	+ 2·4

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	Imports.				Exports.			
	Food.	Raw Materials.	Manufactured Goods.	Total.	Food.	Raw Materials.	Manufactured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1925	47·5	35·4	26·6	110·1	4·6	7·0	51·4	64·4
1929	44·6	28·3	27·9	101·7	4·6	6·6	47·8	60·8
1930	39·6	20·9	25·6	87·0	4·0	5·3	36·7	47·6
1931	34·7	14·4	21·8	71·8	3·0	3·9	24·3	32·6
1932	31·1	13·7	13·1	58·5	2·7	3·6	23·0	30·4
1933	28·4	15·0	12·6	56·3	2·4	3·8	23·4	30·6
1934	28·9	17·5	14·3	61·0	2·5	4·0	25·4	33·0
March, 1934... ...	28·6	18·2	14·8	61·9	2·3	4·1	25·6	33·1
March, 1935... ...	28·6	16·5	15·2	60·5	2·4	4·6	28·0	36·0

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manufactures.
Monthly Average—	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwts.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1925	8,071	373	1,578	606	155	103	163	227
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	909	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,554	392	1,054	659	116	187	395	114
March, 1934... ...	10,048	415	1,184	947	113	139	413	122
March, 1935... ...	9,027	368	918	930	114	126	393	126

SOME LEADING EXPORTS

Date	Coal.	Iron and Steel.	Machinery.	Cotton Yarns.	Cotton Piece-Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1925	4,235	311	43	11·3	370	11,015	3,942	1,481
1929	5,022	365	47	11·8	306	9,016	3,940	1,991
1930	4,573	263	40	11·1	201	6,587	2,893	1,602
1931	3,563	165	27	11·4	143	4,694	2,479	1,429
1932	3,242	157	25	13·9	183	4,461	2,358	2,246
1933	3,256	160	23	15·8	169	5,110	2,741	2,821
1934	3,305	188	28	10·9	166	5,745	2,773	2,909
March, 1934... ...	2,942	171	25	11·9	170	5,779	3,003	3,628
March, 1935... ...	3,198	176	32	11·7	183	6,200	2,979	4,961

PRICES

1. WHOLESALE PRICES

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
Average 1913	115·8	101·1	111·1	112·0	91·9
1925	177·9	152·3	154·1	148·9	130·2
1929	150·9	139·4	141·3	146·0	126·1
1930	129·3	125·1	124·3	125·0	103·8
1931	107·7	103·5	105·5	103·5	101·9
1932	103·5	89·3	92·0	93·1	88·7
1933	103·5	93·7	87·7	86·6	85·7
1934	106·4	111·1	83·1	84·2	90·4
End March, 1934 ...	106·8	107·3	85·9	84·2	88·1
„ February, 1935 ...	105·9	118·9	78·4	87·0	92·7
„ March, 1935 ...	103·9	116·9	77·7	89·4	92·6

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

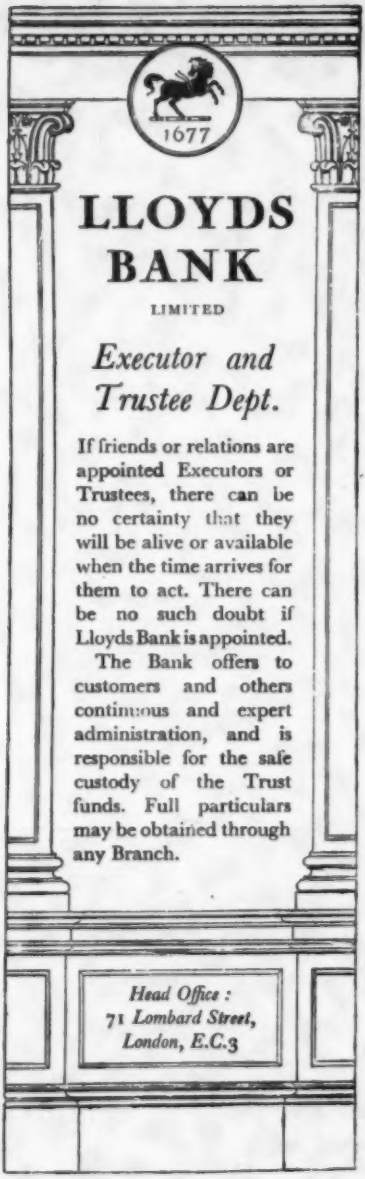
2. RETAIL PRICES (cost of living)

Date.	Food.	Rent (including Rates).	Clothing.	Fuel and Light.	Other Items included.	All Items included.
End of 1925 ...	71	48	125	80–85	80	75
1929 ...	57	52	115	75	80	66
1930 ...	38	54	105	75	75	53
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70–75	70–75	42
1933 ...	24	56	85	70–75	70–75	42
1934 ...	25	56	85–90	70–75	70–75	43
End Mar., 1934...	18	56	85	70–75	70–75	40
„ Feb., 1935...	22	56	85–90	70–75	70	41
„ Mar., 1935...	19	56	85–90	70–75	70	39

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avgs.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	Per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton £	per lb. d.
Average 1913 ...	36 10	—	7·01	29 3/16	58 1¼	—	36¾
1925 ...	66 4½	12 9	12·65	54 1/16	72 9½	261 3/16	34 9/16
1929 ...	54 0½	9 0½	10·29	38¼	70 4½	203 1/16	10½
1930 ...	40 1½	6 7	7·44	26⅛	67 0	142⅛	5 1/16
1931 ...	28 2½	6 4½	5·08	23 1/16	58 7	118⅛	3¼
1932 ...	30 6½	5 9½	5·29	22 1/16	58 6	136 3/16	2 7/16
1933 ...	28 2	5 4	5·53	28 3/16	62 3	194 1/16	3½
1934 ...	30 11	4 8½	5·66	30 1/16	66 10½	230	6 5/16
Mar., 1934 ...	28 6½	5 0	6·55	37⅛	67 6	223 1/16	5½
Feb., 1935 ...	33 3	4 3½	7·10	23⅛	67 6	227 9/16	6 7/16
Mar., 1935 ...	34 1½	4 7½	6·64	23 7/16	67 6	215 1/16	5 1/16


1677
LLOYDS
BANK
LIMITED
Executor and
Trustee Dept.
If friends or relations are appointed Executors or Trustees, there can be no certainty that they will be alive or available when the time arrives for them to act. There can be no such doubt if Lloyds Bank is appointed.
The Bank offers to customers and others continuous and expert administration, and is responsible for the safe custody of the Trust funds. Full particulars may be obtained through any Branch.
Head Office :
71 Lombard Street,
London, E.C.3

GAUSTON
LONDON